Transnational Corporation of Nigeria Plc
Annual Report and Financial Statements
For the year ended 31 December 2016

Corporate Information

Company Registration No.	RC 611238	
Registered Office	38, Glover Road, Ikoyi, Lagos, Nigeria	
Board of Directors	Mr. Tony O. Elumelu, CON	Chairman
	Mr. Emmanuel N. Nnorom	President/CEO
	Mr. Kayode Fasola	
	Dr. Stanley Inye Lawson	
	Olorogun O'tega Emerhor, OON	
	Mr. Chibundu Edozie	Resigned 29 September 2016
	Alhaji Abdulqadir Jeli Bello	
Auditors	PricewaterhouseCoopers Chartered Accountants Landmark Towers, 5B Water Corporation Road Victoria Island, Lagos	
Bankers	United Bank for Africa Plc First Bank of Nigeria Limited	
Company Secretary	Mrs. Helen Iwuchukwu 38, Glover Road Ikoyi, Lagos	
Registrars	Africa Prudential Registrars Plc 220B Ikorodu Road Palmgrove, Lagos	

Transnational Corporation of Nigeria Plc

Index to the financial statements

For the year ended 31 December 2016

Transnational Corporation of Nigeria Plc
Report of the directors
For the year ended 31 December 2016

The Directors present their annual report on the affairs of Transnational Corporation of Nigeria Plc (“the Company” or "Transcorp Plc") and its subsidiaries (together "the Group") together with the audited financial statements for the year ended 31 December 2016, to the members of the Company. This report discloses the state of the Company and the Group.

LEGAL FORM

The Company was incorporated on 16 November 2004 as a private limited liability Company domiciled in Nigeria in accordance with the requirements of the Companies and Allied Matters Act. Following a successful initial public offer (IPO), the Company was in December 2006, listed on the Nigerian Stock Exchange. The shares of the Company have continued to be traded on the floor of the Exchange. The Company maintains controlling interests in the following companies, referred to as portfolio companies:

- Capital Leisure and Hospitality Limited
- Transcorp Hotels Plc
- Transcorp Hotels Calabar Limited
- Transcorp Energy Limited
- Teragro Commodities Limited
- Transcorp Power Limited
- Transcorp Staff Share Ownership Trust Company Limited
- Transcorp Properties Limited
- Transcorp OPL 281 Nigeria Limited
- Transcorp Telecomms Limited
- Transcorp Trading and Logistic Limited
- Transcorp Refining Company Limited
- Transcorp Hotels Port Harcourt Limited
- Transcorp Hotels Ikoyi Limited

PRINCIPAL ACTIVITIES

The Company’s business is the investment in and operation of portfolio companies in the hospitality, power, agro-allied and oil & gas sectors. The Company has retained subsidiaries and affiliates providing services and sale of goods in these sectors.

RESULTS AND DIVIDEND

The Group and Company’s results for the year ended 31 December 2016 are set out on page 11. The loss for the year of N1.1 billion (Company - N849 million) has been transferred to general reserves. The summarised results are presented below.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	N'000	**N'000**	**N'000**	**N'000**
Revenue	59,424,619	40,753,506	2,537,628	3,241,943
Gross profit	30,165,807	24,330,391	2,537,628	3,241,943
(Loss)/profit before tax	(5,928,348)	3,319,529	(439,925)	1,037,146
Tax	4,801,350	(1,287,972)	(409,168)	(477,479)
(Loss)/ profit for the year	(1,126,998)	2,031,557	(849,093)	559,667
Other comprehensive income/(loss)	547,479	(587,547)	547,479	(475,867)
Total comprehensive income/(loss)	**(579,519)**	**1,444,010**	**(301,614)**	**83,800**
Total comprehensive income attributable to				
Owners of the parent	(383,662)	(196,128)	(301,614)	83,800
Non controlling interest	(195,857)	1,640,138	-	-
Total comprehensive (loss)/income	**(579,519)**	**1,444,010**	**(301,614)**	**83,800**

DIRECTORS' INTERESTS IN CONTRACTS

At the 38th meeting of the Board of Directors of the Company held on 2 December 2011, the Chairman, Mr. Tony Elumelu, CON, declared the interest of Heirs Holdings Limited in the property lying at No. 38 Glover Road (formerly 22B) Ikoyi, Lagos, which currently serves as the Registered Office of the Company. Furthermore, at the 44th meeting of the Board of Directors of the Company (adopted at the 45th meeting), the Board approved a technical services agreement with Tenoil Petroleum and Energy Services Limited and Heirs Holdings Limited for technical services rendered to the Company. Mr. Elumelu has shareholding interests in and is the Chairman of Heirs Holdings Limited and Tenoil Petroleum and Energy Services Limited.

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year and as at 31 December 2016, together with their direct and indirect interests in the shares of the Company, were as follows:

Director	Number of shares held at 31 December 2016			Percentage holding (%)
	Direct	Indirect	Total	
Mr. Tony O. Elumelu, CON	2,071,704,049	15,841,208,911	17,912,912,960	46.26
Mr. Emmanuel N. Nnorom	-	11,403,487	11,403,487	0.03
Olorogun O' tega Emerhor, OON	-	177,062,311	177,062,311	0.46
Mr. Kayode Fasola	1,575,000	-	1,575,000	0.00
Dr. Stanley Inye Lawson	122,790,102	-	122,790,102	0.32
Mr. Chibundu Edozie *	-	20,038,188	20,038,188	0.05
Alhaji Abdulqadir Jeli Bello	525,000	-	525,000	0.00
TOTAL	**2,196,594,151**	**16,049,712,897**	**18,246,307,048**	**47.12**

* Resigned 29 September 2016

SHAREHOLDING ANALYSIS

The shareholding structure of the Company as at 31 December 2016 is as follows:

Shareholder	No. of holders	Percent	Units	Percent
1 - 999	3,976	1.37	1,632,072	0.01
1,000 - 9,999	214,493	74.15	548,104,990	1.35
10,000 - 99,999	58,331	20.16	1,393,439,589	3.43
100,000 - 999,999	10,729	3.71	2,696,235,710	7.00
1,000,000 - 9,999,999	1,588	0.55	3,456,499,612	8.50
10,000,000 - 99,999,999	125	0.04	2,943,670,330	7.24
100,000,000 - 999,999,999	31	0.01	9,331,055,362	22.96
Above 1,000,000,000	5	0.01	20,277,352,627	49.89
	289,278	100	40,647,990,292	100

SUBSTANTIAL INTEREST IN SHARES

As at December 31 2016, only Mr. Tony O. Elumelu, CON directly and indirectly held 5% or more of the issued share capital of the Company. Mr. Elumelu held a total of 46.26% of the issued share capital of the Company.

PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in the property, plant and equipment of the Group and Company is in Note 6 to the financial statements.

EMPLOYMENT OF PHYSICALLY CHALLENGED PERSONS

The Group has a policy of fair consideration of job applications by physically challenged persons having regard to their abilities and aptitude. The Group's policy prohibits discrimination against such persons in the recruitment, training and career development of its employees. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Group continues, and that appropriate training is arranged for them. However, no applications from disabled persons were received during the year and no employee of the company became disabled.

EMPLOYEE HEALTH, SAFETY AND WELFARE

The Group maintains business premises and work environments that guarantee the safety and health of its employees and other stakeholders. The Group's rules and practices in these regards are reviewed and tested regularly. Also, the Group provides free medical insurance for its employees and their families through selected health management organizations and hospitals.

EMPLOYEE TRAINING AND INVOLVEMENT

The Group places a high premium on the development of its manpower and consults with employees on matters affecting their well-being. Formal and informal channels of communication are employed in keeping staff abreast of various factors affecting the performance of various businesses in the Group. In-house and external training are carried out at various levels across the business chains in the Group. The Group's skill base has been extended by a range of trainings provided to employees.

DONATIONS AND GIFTS

The company did not donate any sum in the current year (2015: N11.7 million).

AUDITORS

Messrs. PricewaterhouseCoopers have indicated their willingness to continue in office as the auditors of the Company in accordance with section 357(2) of the Companies and Allied Matters Act.

By order of the Board

Mrs. Helen Iwuchukwu
Company Secretary

FRC/2015/NBA/00000012716

21 February 2017

Transnational Corporation of Nigeria Plc
Statement of directors' responsibilities
For the year ended 31 December 2016

The Companies and Allied Matters Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act;

(b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Mr. Emmanuel N. Nnorom
President/ CEO
FRC/2014/ICAN/00000007402

Mr. Tony O. Elumelu, CON
Chairman
FRC/2013/CIBN/00000002590

21 February 2017

Transnational Corporation of Nigeria Plc
Report of the audit committee
For the year ended 31 December 2016

In compliance with section 359 (6) of the Companies and Allied Matters Act Cap C20 LFN 2004 (CAMA), members of the Audit Committee of Transnational Corporation of Nigeria Plc hereby report as follows:

1) The Audit Committee met in exercise of its statutory responsibilities in accordance with section 359 (6) of the Companies and Allied Matters Act.

2) We approved the internal plan and assessed the level of compliance of the internal audit activities with the plan;

3) We have reviewed the effectiveness of the Company's system of accounting and internal control;

4) We have examined the auditors' report including the financial statements for the year ended 31 December 2016:

5) We have also deliberated with the external auditors, reviewed their findings and recommendations and management responses and confirm that the auditors' report for this period is consistent with our review; and

6) We are satisfied that the accounting and reporting policies of the Company are in accordance with legal requirements and meet ethical standards.

Mr. John Isesele
Chairman, Audit Committee
FRC/2014/ICAN/00000008988

21 February 2017

Members of the Audit Committee

1)	Mr. John Umobuarie Isesele	(Chairman)	- Shareholder
2)	Mr. Matthew Esonanjor	(Member)	- Shareholder
3)	Alhaji Abu Jimah	(Member)	- Shareholder
4)	Mr. Kayode Fasola	(Member)	- Director
5)	Dr. Stanley Inye Lawson	(Member)	- Director
6)	Alhaji Abdulqadir Jeli Bello	(Member)	- Director

Independent auditor's report

To the members of Transnational Corporation of Nigeria Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated and separate financial position of Transnational Corporation of Nigeria Plc ("the company") and its subsidiaries (together "the group") as at 31 December 2016, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Transnational Corporation of Nigeria Plc's consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2016;
- the consolidated and separate statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of this report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill	
Refer to note 4 (Critical accounting estimates and judgments), and note 7 (Intangible assets) to the consolidated and separate financial statements where the impairment of goodwill has been discussed. The carrying value of goodwill of N30.94 billion as at 31 December 2016 is material to the consolidated financial statement. Goodwill is required to be tested annually for impairment or whenever there is an impairment indicator. We focused on this because of the significance of the judgements involved and the value of the recognised goodwill. Judgement is applied by management to determine appropriate parameters and assumptions used to calculate impairment. This matter is considered a key audit matter in the consolidated financial statements only.	Our independent valuation expert reviewed the adequacy of the methodology used by management in assessing the impairment of goodwill. We also reviewed management's assumptions, discount rates and growth rates utilised in preparing the cash flow forecasts for the respective cash generating units. We further assessed the assumptions with reference to wider market practice and prevailing economic conditions. The discount rate and the long term growth rates applied within the model were assessed for reasonableness by comparing them to economic and industry forecasts where appropriate.

Other information

The directors are responsible for the other information. The other information comprises: Group overview, Our businesses, Chairman's statement, President/CEO's report, Corporate governance report, Independent board evaluation report, Statement of Director's responsibilities, Report of the audit committee, Directors' report, Statement of value added, Five year financial summary, Notice of annual general meeting (but does not include the consolidated and separate financial statements and our auditor's report thereon).

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, and the Financial Reporting Council of Nigeria Act and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

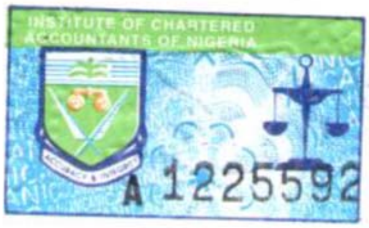
The Companies and Allied Matters require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the company's statements of financial position, profit or loss and other comprehensive income are in agreement with the books of account;

Ikenna Ezeuko



For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

28 February 2017

Engagement Partner: Ikenna Ezeuko
FRC/2013/ICAN/00000000783

Transnational Corporation of Nigeria Plc
Statement of financial position
As at 31 December 2016

	Note	Group 31 December 2016 N'000	Group 31 December 2015 N'000	Company 31 December 2016 N'000	Company 31 December 2015 N'000
Assets					
Non-current assets					
Property, plant and equipment	6	124,660,561	109,761,030	21,250	35,015
Intangible assets	7	38,951,969	38,886,750	5,076,102	5,076,385
Investment property	8	1,706,600	1,706,600	1,706,600	1,706,600
Investment in subsidiaries	9	-	-	27,529,887	27,529,887
Debt and equity securities	14	2,207,943	1,764,937	2,207,943	1,764,937
Deferred tax	10	3,356,550	-	-	-
Prepaid lease rental (long term)	11	58,704	5,000	-	-
		170,942,327	152,124,317	36,541,782	36,112,824
Current assets					
Inventories	12	4,722,545	4,597,456	-	-
Trade and other receivables	13	54,104,539	31,353,769	21,366,895	20,137,082
Prepaid lease rental (short term)	11	30,000	30,000	-	-
Debt and equity securities	14	-	358,887	-	358,887
Cash and cash equivalents	15	2,361,320	14,419,520	5,026	10,686
		61,218,404	50,759,632	21,371,921	20,506,655
Total assets		**232,160,731**	**202,883,949**	**57,913,703**	**56,619,479**
Liabilities					
Current liabilities					
Trade and other payables	16	31,586,476	17,687,690	5,678,281	7,647,979
Taxation	17	4,137,597	5,695,106	196,580	202,198
Borrowings (short term)	18	25,600,695	15,363,985	10,987,060	5,627,440
Advance deposits	20	1,875,000	1,875,000	1,875,000	1,875,000
		63,199,768	40,621,781	18,736,921	15,352,617
Non-current liabilities					
Borrowings (long term)	18	72,943,568	61,844,507	8,231,283	10,045,155
Deposit for shares	16	2,410,000	2,410,000	-	-
Deferred tax	10	7,158,798	10,502,430	-	-
		82,512,366	74,756,937	8,231,283	10,045,155
Total liabilities		**145,712,134**	**115,378,718**	**26,968,204**	**25,397,772**
Equity					
Ordinary share capital	30	20,323,996	19,360,499	20,323,996	19,360,499
Share premium	30	6,249,871	7,213,368	6,249,871	7,213,368
Treasury shares	30	(345,819)	(345,819)	-	-
Other reserves		(14,662)	(587,547)	97,018	(475,867)
Retained earnings		27,207,214	28,138,355	4,274,614	5,123,707
Equity attributable to owners of the parent		53,420,600	53,778,856	30,945,499	31,221,707
Non controlling interest	31	33,027,997	33,726,375	-	-
Total equity		**86,448,597**	**87,505,231**	**30,945,499**	**31,221,707**
Net equity and liabilities		**232,160,731**	**202,883,949**	**57,913,703**	**56,619,479**

The notes on pages 15 to 57 are an integral part of these financial statements.

The financial statements on pages 10 to 57 were approved and authorised for issue by the Board of Directors on 21 February 2017 and were signed on its behalf by

Tony O. Elumelu CON	Ibikunle Oriola	Emmanuel N. Nnorom
Chairman Board of Directors	Group Chief Finance Officer	President/Chief Executive Officer
FRC/2013/CIBN/00000002590	FRC/2013/ICAN/00000004372	FRC/2014/ICAN/00000007402

Transnational Corporation of Nigeria Plc

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2016

		Group		Company	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Note	N'000	N'000	N'000	N'000
Revenue	21	59,424,619	40,753,506	2,537,628	3,241,943
Cost of sales	22	(29,258,812)	(16,423,115)	-	-
Gross profit		30,165,807	24,330,391	2,537,628	3,241,943
Administrative expenses	25	(10,377,108)	(9,613,617)	(2,331,143)	(1,719,304)
Other income	23	475,959	504,460	1,058,419	690,644
Other gains/(loss) - net	24	451,361	(186,816)	557	(46,640)
Operating profit		20,716,019	15,034,418	1,265,461	2,166,643
Finance income	27	363,016	1,165,227	1,426,351	1,266,556
Finance cost	27	(8,303,471)	(6,818,984)	(3,131,737)	(2,396,053)
Foreign exchange loss on financing activities	28	(18,703,912)	(6,061,132)	-	-
Finance cost -net		(26,644,367)	(11,714,889)	(1,705,386)	(1,129,497)
(Loss)/ profit before taxation		(5,928,348)	3,319,529	(439,925)	1,037,146
Taxation	17	4,801,350	(1,287,972)	(409,168)	(477,479)
(Loss)/ profit for the year		(1,126,998)	2,031,557	-849,093	559,667
(Loss)/ profit attributable to:					
Owners of the parent		(931,141)	391,419	(849,093)	559,667
Non controlling interest		(195,857)	1,640,138	-	-
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Changes in the fair value of available-for-sale (equity securities)	24	547,479	(587,547)	547,479	(475,867)
Total comprehensive (loss)/income for the year		(579,519)	1,444,010	(301,614)	83,800
Attributable to:					
Owners of the parent		(383,662)	(196,128)	(301,614)	83,800
Non controlling interest		(195,857)	1,640,138	-	-
Basic EPS (kobo)	29	(2.29)	0.96	(2.09)	1.38
Diluted EPS (kobo)	29	(2.29)	0.96	(2.09)	1.38

The result shown above relate to continuing operations. There are no incomes or expenses from discontinued operations.

The notes on pages 15 to 57 are an integral part of these financial statements.

Transnational Corporation of Nigeria Plc

Statement of changes in equity
For the year ended 31 December 2016

Group	Attributable to owners of the parent							
	Share capital N'000	Share premium N'000	Treasury shares N'000	Other reserves N'000	Retained earnings N'000	Total Controlling interest N'000	Non Controlling interest N'000	Total equity N'000
Balance at 1 January 2015	19,360,499	7,213,368	(137,790)	-	30,070,219	56,506,296	33,248,555	89,754,851
Profit for the year	-	-	-	-	391,419	391,419	1,640,138	2,031,557
Acquisition of treasury shares	-	-	(208,029)	-	-	(208,029)	-	(208,029)
Shares allotted to non-controlling interest (NCI)	-	-	-	-	-	-	840	840
Dividend paid	-	-	-	-	(2,323,283)	(2,323,283)	(1,163,158)	(3,486,441)
Other comprehensive income	-	-	-	(587,547)	-	(587,547)	-	(587,547)
Balance at 31 December 2015	**19,360,499**	**7,213,368**	**(345,819)**	**(587,547)**	**28,138,355**	**53,778,856**	**33,726,375**	**87,505,231**
Balance at 1 January 2016	19,360,499	7,213,368	(345,819)	(587,547)	28,138,355	53,778,856	33,726,375	87,505,231
Loss for the year	-	-	-	-	(931,141)	(931,141)	(195,857)	(1,126,998)
Bonus issue	963,497	(963,497)				-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	(502,521)	(502,521)
Reclassification to profit or loss	-	-	-	25,406	-	25,406	-	25,406
Other comprehensive income	-	-	-	547,479	-	547,479	-	547,479
Balance at 31 December 2016	**20,323,996**	**6,249,871**	**(345,819)**	**(14,662)**	**27,207,214**	**53,420,600**	**33,027,997**	**86,448,597**

The notes on pages 15 to 57 are an integral part of these financial statements.

Transnational Corporation of Nigeria Plc

Statement of changes in equity

For the year ended 31 December 2016

Company

	Share capital N'000	Share premium N'000	Other reserves N'000	Retained earnings N'000	Total equity N'000
Balance at 1 January 2015	19,360,499	7,213,368	-	6,887,323	33,461,190
Dividend paid	-	-	-	(2,323,283)	(2,323,283)
Profit for the year	-	-	-	559,667	559,667
Other comprehensive income	-	-	(475,867)	-	(475,867)
Balance at 31 December 2015	**19,360,499**	**7,213,368**	**(475,867)**	**5,123,707**	**31,221,707**
Balance at 1 January 2016	19,360,499	7,213,368	(475,867)	5,123,707	31,221,707
Bonus issue	963,497	(963,497)	-	-	-
Loss for the year	-	-	-	(849,093)	(849,093)
Reclassification to profit or loss	-	-	25,406	-	25,406
Other comprehensive income	-	-	547,479	-	547,479
Balance at 31 December 2016	**20,323,996**	**6,249,871**	**97,018**	**4,274,614**	**30,945,499**

The notes on pages 15 to 57 are an integral part of these financial statements.

Transnational Corporation of Nigeria Plc

Statement of Cash Flows
For the year ended 31 December 2016

	Note	Group 2016 N'000	Group 2015 N'000	Company 2016 N'000	Company 2015 N'000
Cash flows from operating activities					
Cash generated from/(used in) operations	32	14,821,635	17,948,356	(1,554,440)	(158,588)
Tax paid	17	(3,202,578)	(2,344,447)	(161,023)	(499,418)
Net cash flows generated from/(used in) operating activities		11,619,057	15,603,909	(1,715,463)	(658,006)
Cash flows from investing activities					
Interest received	27	363,016	1,165,227	1,426,351	1,266,556
Purchase of intangible assets	7	(89,892)	(449,789)	-	-
Liquidation of debt and equity securities	14	122,992	482,845	122,992	482,845
Proceeds from sale of property plant and equipment	32	10,149	364,939	502	31
Purchase of investment property	8	-	(407,000)	-	-
Purchase of property, plant and equipment	6	(18,061,319)	(18,057,681)	(848)	(4,047)
Net cash flows (used in)/generated from investing activities		(17,655,054)	(16,901,459)	1,548,997	1,745,385
Cash flows from financing activities					
Proceeds from issue of bond	18	-	19,552,095	-	-
Proceeds from bank borrowings		18,261,972	12,368,020	7,191,748	6,560,000
Repayments of bank borrowings		(15,630,112)	(8,550,804)	(3,645,999)	(2,874,025)
Dividend paid		-	(2,323,283)	-	(2,323,283)
Dividend paid to non-controlling interest	31	(502,521)	(1,163,158)	-	-
Purchase of treasury shares	30	-	(208,029)	-	-
Interest payment	27	(8,303,471)	(6,818,984)	(3,131,737)	(2,396,053)
Net cash flows (used in)/generated from financing activities		(6,174,132)	12,855,857	414,012	(1,033,361)
Net (decrease)/increase in cash and cash equivalents		(12,210,129)	11,558,307	247,546	54,018
Cash and cash equivalents at the beginning of the year	15	14,419,520	2,930,517	10,686	8,118
Foreign exchange loss/(gain) on cash and cash equivalents		151,929	(69,304)	557	(51,450)
Cash and cash equivalents at the end of the year	15	2,361,320	14,419,520	258,789	10,686

The notes on pages 15 to 57 are an integral part of these financial statements.

1. General information

Transnational Corporation of Nigeria Plc, ("the Company" or "Transcorp"), was incorporated on 16 November, 2004 as a private limited liability Company domiciled in Nigeria in accordance with the requirements of the Companies and Allied Matters Act. Following a successful initial public offer (IPO), the Company was in December 2006, listed on the Nigerian Stock Exchange. The shares of the Company have continued to be traded on the floor of the Exchange. The Company is domiciled in Nigeria and the address of its registered office is 38 Glover Road, Ikoyi, Lagos, Nigeria.

The Company maintains controlling interests in the following companies. The Company, together with the subsidiaries are known as the Transcorp Group, ("the Group")

- Capital Leisure and Hospitality Limited
- Transcorp Hotels Plc
- Transcorp Hotels Calabar Limited
- Transcorp Energy Limited
- Teragro Commodities Limited
- Transcorp Power Limited
- Transcorp Staff Share Ownership Trust Company Limited
- Transcorp Properties Limited
- Transcorp OPL 281 Limited
- Transcorp Telecomms Limited
- Transcorp Trading and Logistic Limited
- Transcorp Refining Company Limited
- Transcorp Hotels Ikoyi Limited
- Transcorp Hotels Port Harcourt Limited

The Company's business is investment and operation of portfolio companies in the hospitality, power, agro-allied and oil & gas sectors.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the Companies and Allied Matters Act (CAMA), International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared on a historical cost basis except for available-for-sale financial assets, financial assets and liabilities and investment property – measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The preparation of financial statements, in conformity with generally accepted accounting principles under IFRS, requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amounts, events or actions, actual results ultimately may differ from those estimates.

The financial statements have been prepared on a historical cost basis except for the fair value basis applied to certain intangible assets, investment property and equity investments.

All values are rounded to the nearest thousand (N'000), except when otherwise indicated.

2.1.1 Going concern

The financial statements have been prepared on a going concern basis. The directors have no doubt that the Company would remain in existence after 12 months.

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2016:

Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38- The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate.

Disclosure initiative – amendments to IAS 1. The amendments provide clarifications on a number of issues; materiality, disaggregation and subtotals, notes and OCI arising from investments accounted for under the equity method.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2016 are not material to the group.

(b) New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the group.

IFRS 15 - Revenue from contracts with customers

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Company is yet to fully assess the expected impact on this standard. The standard must be applied for financial years commencing on or after 1 January 2018.

IFRS 9 - Financial instruments

This standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The Company is yet to assess IFRS 9's full impact. The standard must be applied for financial years commencing on or after 1 January 2018.

IFRS 16 - Leases

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. It also substantially carries forward the lessor accounting requirements in IAS 17. The standard must be applied for financial years commencing on or after 1 January 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are accounted for at cost in the separate financial statements of Transcorp. In the consolidated financial statements, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis, either at fair value or at the present ownership instrument's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Group.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Transcorp.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which Transcorp operates ('the functional currency'). The functional currency of Transcorp and its subsidiaries is the Nigerian Naira (N). All entities in the Group have the same functional currency. The consolidated financial statements are also presented in Naira.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within ‘finance costs - net’. All other foreign exchange gains and losses are presented in the income statement within ‘other (expenses)/income – net’. Translation differences related to changes in amortised cost are recognised in profit or loss.

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

Assets Class	Useful lives (years)
Building & Improvements	50
Plant and machinery -Turbines	50
Plant and machinery - Others	10
Furniture and fittings	5
Computer & office equipments	3
Motor vehicles	4

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The Group allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than it's estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

2.6 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Transcorp's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Computer software

Costs associated with maintaining computer software programmes are recognised as expenses as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- the directors intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development related employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as expenses as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives. The estimated useful lives of the software of the Group is between three to eight years.

(c) Oil and natural gas exploration, evaluation and development expenditure

Oil and natural gas exploration, evaluation and development expenditure is accounted for using the "full cost method". Costs incurred prior to obtaining legal rights to explore are expensed immediately to the income statement.

(i) Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

(ii) Licence and property acquisition costs

Exploration licence and leasehold property acquisition costs are capitalised within intangible assets and are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine, that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing.

If no future activity is planned, the carrying value of the licence and property acquisition costs is written off to income statement. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties, after assessing for impairment and amortised over the remaining life of the license.

(iii) Exploration and evaluation costs

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials, fuel used, rig costs and payments made to contractors.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset.

All such capitalised costs are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off to income statement.

When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties. No amortisation is charged during the exploration and evaluation phase.

For exchanges or parts of exchanges that involve only exploration and evaluation assets, the exchange is accounted for at the carrying value of the asset given up and no gain or loss is recognized.

(iv) Development costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

2.7 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the consolidated Group, are classified as investment properties.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the date of the consolidated statement of financial position.

Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statement in the year in which they arise. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated profit or loss during the financial period in which they are incurred.

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is obtained from professional third party valuers contracted to perform valuations on behalf of the Group. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.9 Financial instruments

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2.9.1 Classification

(a) Financial assets and liabilities at fair value through profit or loss

Financial assets or liabilities at fair value through profit or loss are financial assets or liabilities held for trading. A financial asset or liability is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be realised within twelve months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprises 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

The fixed income investments have been classified as loans and receivable. The investments have a tenor of about 180 days and the company rolls over the investments. Interest income on the fixed income investment is recognised in the year it occurred as interest income.

(c) Available-for-sale investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or directors intends to dispose of it within 12 months of the end of the reporting period.

(d) Financial liabilities at amortized cost

Financial liabilities at amortized cost include trade and other payables, advance deposits and long-term debt.

2.9.2 Reclassification

The group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

2.9.3 Recognition and measurement

(a) Financial assets and liabilities at fair value through profit or loss

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income within “other gains and losses (net)” in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the reporting date, which are classified as long-term. Interest swaps and warrants are classified as current.

(b) Loans and receivables

Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(c) Financial liabilities at amortized cost

Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method. Bank debt and long-term debt are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(d) Available-for-sale investments

Available-for-sale investments are recognised initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from remeasurement are recognised in other comprehensive income except for exchange gains and losses on the translation of debt securities, which are recognised in the consolidated statement of income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the income statement. Available-for-sale investments are classified as non-current, unless an investment matures within twelve months, or the directors expects to dispose of it within twelve months.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

2.11 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.12 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined using the weighted average method. This includes the cost of raw materials to the Company's premises and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

2.13 Trade receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.14 Cash, cash equivalents and bank overdrafts

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, (i.e. capitalised) until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax liabilities on a net basis.

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

2.19 Employee benefits

(a) Defined contribution scheme

The Group operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act 2014. The employer's contributions are recognised as employee benefit expenses when they are due. The Group has no further payment obligation once the contributions have been paid.

(b) Profit-sharing and bonus plans

The Group operates a bonus plan where staff are remunerated based on parameters determined by the Board. Bonus payments are at the discretion of the Board and the expense is recognised as in the year it is incurred. There is no contractual obligation neither has there been a past practice to create a constructive obligation.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied and services rendered, stated net of discounts, returns and value added taxes. The Group earns revenue from the sale of goods and services. The Company earns revenue from dividends received.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Income from investments - Corporate centre

Income from investments is recognized when it is earned. Dividends are recognised in the statement of comprehensive income on the date the Company's right to receive payment is established. Interest earned on cash investments in money market instruments is recognized in the profit and loss account as it accrues evenly over the period of the investment.

(b) Sale of goods - Agriculture

The Group manufactures and sells juice concentrates to manufacturers in the food and beverage industry. Recognition of revenue for concentrates is recognised when it is earned. Revenue is earned when the significant risks and rewards of ownership have been transferred to the customer or the service has been rendered; control over goods sold has been transferred, amount of revenue can be reliably measured, costs incurred in respect of the sale can be measured reliably and the economic benefits associated with the transaction will flow to the Group.

(c) Sale of services - Power

Revenue comprises of the net value of services being capacity provided and energy delivered net of trade discounts, rebates and VAT. Capacity charge relates to income earned from the distribution companies for available capacity. It is computed based on a fixed rate per megawatt determined by the government or industry regulator. It is recognised monthly based on the average of available capacity declared at the beginning of the month. Revenue from energy delivered calculated on the basis of megawatts of electricity pushed to the transmission grid. The capacity charge and energy delivered are included in revenue reported in the profit and loss account.

Revenue is also earned from ancillary services. Revenue earned on ancilliary services relate to services provided by the Group, other than the primary production of electricity, which is used to operate a stable and secure power system including but not limited to reactive power, operating reserve, frequency control and black start capability. The ancillary services are provided in line with the existing agreement and recognises the revenue in line with its revenue recognition policy.

Amounts received from customers in advance of receiving the goods or services is recognised as liability in the statement of financial position described as unearned income.

(d) Sale of services - Hospitality

Revenue comprises the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of revenue and associated costs incurred or to be incurred can be measured reliably.

Revenue includes hotel, entertainment and restaurant revenues, other service fees, rental income and the invoiced value of goods and services sold less returns and allowances. VAT on revenue transactions are considered to be a tax collected by the Company as an agent on behalf of the revenue authorities and is excluded from revenue.

Transcorp Hilton Hotel Abuja offers a customer loyalty programme called the Hilton Honours guest reward programme on behalf of Hilton International. Under this programme, registered members earn points when they pay for rooms or services at the Hotel. The Group accounts for the points as a separately identifiable component of the sales transaction in which they are granted (the 'initial sale' of rooms or service). The consideration received or receivable in respect of the initial sale is allocated between the points and the sale of rooms or service with reference to the fair value of the points. Revenue is measured as the net amount retained by the hotel, i.e. the difference between the consideration allocated to the award credits and the amount payable to the Hilton International for supplying the awards.

2.21 Leases

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Finance lease

Leases of items by the Group where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.22 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders. In respect of interim dividends these are recognised when declared by the Board of Directors.

2.23 Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

2.24 Treasury shares

The cost of the Transcorp Plc's own equity instruments that have been reacquired ('treasury shares') by the Company or by other members of the consolidated Group is deducted from equity. Gain or loss is not recognised on the purchase, sale, issue, or cancellation of treasury shares. The difference between the cost and consideration received is recognised directly in retained earnings.

3. Financial risk management

3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. The Board has established the Finance and Investment Committee, who is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly by the executive management to reflect changes in the market conditions and the Group's activities.

The Board oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board is supported by various management functions that check and undertake both regular and ad hoc reviews of compliance with established controls and procedures.

The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. The Group does not hedge any of its risk exposures.

Risk management is carried out in line with policies approved by the board of directors. The board provides written policies for overall risk management, as well as set the overall risk appetite for the Group. Specific risk management approaches are defined for respective risks such as interest rate risk, credit risk, liquidity and investment risk. The Group’s overall risk management program seeks to minimize potential adverse effects on the Group’s financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risks arise from future commercial transactions and recognised assets and liabilities. The Group makes payments and receipts primarily in Nigerian Naira. Periodically however, receipts and payments are made in other currencies, mostly in the US Dollars.

The Group is exposed to risks resulting from fluctuations in foreign currency exchange rates. A material change in the value of any such foreign currency could result in a material adverse effect on the Group's cash flow and future profits. The Group is exposed to exchange rate risk to the extent that balances and transactions denominated in a currency other than the Nigerian Naira. The group holds the majority of its cash and cash equivalents in Naira.

In managing foreign exchange risk, the Group aims to reduce the impact of short-term fluctuations on earnings. The Group's significant exposure to currency risk relates to its loan facilities and cash and cash equivalents that are mainly in US Dollars. Although the Group has various measures to mitigate exposure to foreign exchange rate movement over the longer term, the gains/losses on foreign exchange balances impact on the profit or loss. The Group's approach to managing foreign exchange risk is to hold foreign currency bank accounts. The Group monitors the movement in the currency rates on an on-going basis.

At 31 December 2016, the value of cash held in foreign currency was significantly lower than foreign currency borrowings.

The balances denominated in US Dollars as at year end were borrowings and cash and cash equivalent. The borrowings and cash balances held at year end are as stated below:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Borrowings	153,657	209,672	-	-
Trade payables	661	2,446	-	-
Cash and cash equivalents	3,550	2,112	6	11

The table shows the impact on the Group's profit and equity if the exchange rate between the Naira and the US Dollars had increased or decreased by 50%, with all other variables held constant.

	Group		Company	
	Impact on profit or loss		Impact on profit or loss	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
US/NGN exchange rate – increase 50% (2015: 25%)	(22,954,428)	(10,342,749)	274	2,713
US/NGN exchange rate – decrease 50% (2015: 25%)	22,954,428	10,342,749	(274)	(2,713)

3.1 Financial risk factors (continued)

(ii) Price risk

The Group is exposed to equity securities price risk because of investments classified on the statement of financial position as equity investments available for sale and measured at fair value through other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group engages a third party expert; United Capital Securities Limited who offers advice on sale and purchase. The company recorded significant movement in investment in equity securities as a result of a decline in the market unit price of equity investment. See note 24.

The table below summarises the impact of increases/decreases in the price of the equity securities on the Group's post-tax profit for the year. The analysis is based on the assumption that the NSE All Share Index had increased/decreased by 20% with all other variables held constant.

	Impact on profit or loss	
	2016	2015
	N'000	N'000
Effect of 20% increase in market price of equity securities	441,589	352,987
Effect of 20% decrease in market price of equity securities	(441,589)	(352,987)

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short term and long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's policy on managing interest rate risk is to negotiate favourable terms with the bank(s) to reduce the impact of its exposure to this risk. The interest rate risk is significantly concentrated with United Bank of Africa Plc (UBA) being the major lender to the Group. The borrowings are disclosed in note 18.

At 31 December 2016, if interest rates on borrowings at that date had been 1% higher/lower with all other variables held constant, the recalculated post– tax profit of the Group would have been N83 million (2015: N68 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits and debt securities with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not have any significant concentrations of credit risk.

Credit risk is managed by the Chief Executive Officer and the Chief Finance Officer, except for credit risk relating to trade receivable balances.

There is no credit rating for the company's debt securities,

Most of the Group's trade customers are not independently rated, therefore the quality of the customer is considered by taking into account its financial position, past experience and other factors. Each subsidiary is responsible for managing and analysing the credit risk for each of their new customers before standard delivery terms and conditions are offered. The continuous credit worthiness of the existing customers is analysed periodically based on history of performance of the obligations and settlement of their debt. The Group does not hold any collateral as security. No receivables have had their terms renegotiated.

No financial assets are past due except for trade receivables. As at 31 December, 2016, trade receivables of N4.5 billion (2015: N5 billion) were fully performing, N43.6 billion (2015: N19.8 billion) were past due but not impaired and N778.3 million (2015: N631.3 million) were impaired. The aging analysis of the latter two categories of receivables is as follows:

3.1 Financial risk factors (continued)

	Group 2016 N'000	Group 2015 N'000
Past due but not impaired	**43,634,259**	**19,768,139**
Up to 3 months	42,940,788	2,681,577
3 to 6 months	596,933	3,639,241
Over 6 months	96,538	13,447,321
Impaired	**778,288**	**589,973**
Up to 3 months	-	-
3 to 6 months	51,982	3,381
Over 6 months	726,306	586,592

The credit quality of trade receivables that are neither past due nor impaired can be assessed by reference to historical information about default rates.

	Group 2016 N'000	Group 2015 N'000
Customers with no history of default	**5,522,551**	**6,661,034**
– Receivable from related party	1,003,320	1,657,547
– New customers (less than 6 months)	-	-
– Existing customers (more than 6 months)	4,519,231	5,003,487
Total unimpaired trade receivables	**5,522,551**	**6,661,034**

Concentration of credit risk is determined by the percentage of trade receivable due from a counterparty in proportion to the total trade receivables of the Group. Any receivable equal or greater than 25% of the total trade receivable of the Group is considered significant.
For the year ended 31 December 2016, the Group had a significant concentration of credit risk with one customer. Over 25% of the trade receivable was owed by the government regulated body for power transmission and Nigerian Bulk Electricity Trading Company.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Cash flow forecasts are prepared by the Group Chief Finance Officer to monitor the Group's liquidity requirements and ensure it has sufficient cash to meet operational needs at all times so that the Group does not breach borrowing limits on any of its borrowing facilities. Such forecasts take into consideration the Group's committed and expected debt financing plans, internal and administrative cashflow requirements in arriving at the headroom for investments.

Surplus cash held by the Group over and above the balance required for working capital management are invested in debt or equity securities. These can be realised in the short term to provide sufficient head-room as determined by the above-mentioned forecasts.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

N'000 At 31 December 2016	**Less than 6 months**	**Between 6 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other creditors	26,820,960	-	-	-	-
Accruals and other liabilites	4,534,562	-	-	-	-
Due to related parties	63,002	-	-	-	-
Borrowings	6,256,665	3,377,229	22,587,177	60,622,161	3,988,854

At 31 December 2015	**Less than 6 months**	**Between 6 months and 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other creditors	11,173,419	-	-	-	-
Accruals and other liabilites	6,196,881	-	-	-	-
Due to related parties	46,613	-	-	-	-
Borrowings	7,312,775	8,051,210	34,672,717	8,774,355	18,397,435

3.1 Financial risk factors (continued)

Company

N'000 At 31 December 2016	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accruals and other creditors	224,028	-	-	-	-
Due to related parties	5,454,253	-	-	-	-
Borrowings	5,356,947	683,362	5,844,816	6,504,406	-

At 31 December 2015	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accruals and other creditors	474,313	-	-	-	-
Due to related parties	7,173,666	-	-	-	-
Borrowings	3,085,490	2,541,950	6,269,819	3,245,440	2,083,871

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to in order to maximise returns for shareholders.

Consistent with others in the industry, the Group monitors capital on a monthly basis using the gearing ratio. This ratio is calculated as total debt divided by total equity. Total debt is a sum of the short and long term borrowings. Total equity is calculated as the sum of all equity components of the statement of financial position.

In order to maintain or adjust the capital structure, the Group may increase or reduce its borrowings to obtain an appropriate gearing ratio.

During 2016, the Group's strategy, which was unchanged from 2015, was to maintain the gearing ratio between 75% and 120% for financing its long term investments in the agriculture, power, oil and gas and hospitality sectors. The gearing ratios at 31 December 2016 and 2015 are as follows:

	Group		Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
Total debt	98,544,263	77,208,492	19,218,343	15,672,595
Less: cash and cash equivalents	(2,361,320)	(14,419,520)	(5,026)	(10,686)
Net debt	96,182,943	62,788,972	19,213,317	15,661,909
Total equity	86,448,597	87,505,231	30,945,499	31,221,707
Gearing ratio	**111%**	**72%**	**62%**	**50%**

The increase in the gearing ratio for the Group during 2016 resulted from increased borrowings during the year.

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- (Level 1): Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (Level 2): Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- (Level 3): Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets that are measured at fair value at 31 December 2016. See note 8 for disclosures of investment property that are measured at fair value.

3.3 Fair value estimation (continued)

Assets	At 31 December 2016 Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity securities at fair value through OCI	2,207,943	-	-	2,207,943

Assets	At 31 December 2015 Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity securities at fair value through profit or loss	1,764,937	-	-	1,764,937

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments listed on the Nigerian Stock Exchange (NSE) classified as equity securities at fair value through other comprehensive income.

4. Critical accounting estimates and judgments

4.1 Critical accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires the directors to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on the directors' experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the Group has made in the preparation of the financial statements:

Impairment of goodwill

The Group reviews goodwill at least annually and other non-financial assets when there is any indication that the asset might be impaired. The Group has estimated the value in use and fair value of operating segments to which goodwill is allocated using discounted cash flow models that required assumptions about future cash flows, margins, and discount rates. See note 7 for methods and assumptions used in estimating net recoverable amount.

4.2 Critical judgements in applying the entity's accounting policies

Consolidation of entities in which the Group holds less than 50%:

even though the Group's interest is only 1%. Control has been determined based on the following considerations:
i) The Group directs the activities that significantly affect the entity's returns
ii) Transcorp is exposed to variable returns from its involvement with the entity as the residual shares in the scheme belong to the Company.
iii) Transcorp has the ability to use its power to affect the returns from its involvement with the entity

5 Segment analysis

The Group

The chief operating decision-maker has been identified as the Board of Directors of Transcorp. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segments based on these reports. The Board considers the business from an industry perspective and has identified 5 operating segments.

i **Hospitality**
The hospitality business is made up of its direct subsidiary Transcorp Hotels Plc. (THP) and indirect subsidiaries, Transcorp Hotels Calabar Limited (THC), Transcorp Hotels Ikoyi Limited and Transcorp Hotels Port Harcourt Limited. These entities render hospitality services to customers.

ii **Agro-allied**
This relates to a subsidiary Teragro Commodities Limited. The subsidiary is engaged in the manufacturing/processing of fruit concentrates from fruits from which the Group derives revenue.

iii **Power**
This relates to a subsidiary Transcorp Power Limited (TPL). The subsidiary is engaged in generation of electric power.

iv **Oil & Gas**
Two subsidiaries make up the oil & gas segment namely Transcorp Energy Limited and Transcorp OPL 281 Limited. The companies are into the exploration, refining and marketing of petroleum products. The subsidiaries are in the start-up phase and have not started generating revenue.

v **Corporate Centre**
This segment is the parent Company, Transnational Corporation of Nigeria Plc and the other non-operational subsidiaries.

The Board assesses the performance based on operating profits for each operating segment that is reviewed by the Board. Other information provided, except as noted below, to the Board is measured in a manner consistent with that of the financial statements.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the group is measured in a manner consistent with that in the income statement.

Total segment assets exclude tax related assets. These are included in the reconciliation to the total statement of financial position assets.

As at 31 December 2016	Hospitality N'000	Oil & gas N'000	Agro-allied N'000	Power N'000	Corporate centre N'000	Intersegment elimination N'000	Total N'000
Revenue	15,341,012	-	15,791	44,067,816	2,537,628	(2,537,628)	59,424,619
Finance income	575,585	-	-	11	1,426,351	(1,638,931)	363,016
Finance cost	-	(575,449)	(43,644)	(24,885,907)	(3,141,314)	1,638,931	(27,007,383)
Depreciation and amortisation	(1,024,622)	-	(18,021)	(2,118,635)	(14,727)	-	(3,176,005)
Profit/(loss) before taxation	5,239,777	(612,083)	(176,224)	(8,083,229)	(449,502)	(1,847,087)	(5,928,348)
Taxation	(1,056,088)	-	-	6,266,606	(409,168)	-	4,801,350
Segmental assets	90,207,668	3,812,157	383,284	115,773,276	58,104,077	(36,119,731)	232,160,731
Segmental liabilities	35,451,444	4,742,073	1,587,398	102,341,915	27,596,240	(26,006,936)	145,712,134
Net assets	54,756,224	(929,916)	(1,204,114)	13,431,361	30,507,837	(10,112,795)	86,448,597

5 Segment Analysis (continued)

As at 31 December 2015

	Hospitality N'000	Oil & gas N'000	Agro-allied N'000	Power N'000	Corporate centre N'000	Intersegment elimination N'000	Total N'000
Revenue	13,979,325	-	126,709	26,647,472	3,241,943	(3,241,943)	40,753,506
Finance income	594,798	453,614	166	3	1,266,556	(1,149,910)	1,165,227
Finance cost	-	(453,613)	(34,309)	(10,672,633)	(2,415,860)	696,299	(12,880,116)
Depreciation and amortisation	(1,054,149)	-	(31,879)	(1,862,445)	(20,677)	-	(2,969,150)
Profit/(loss) before taxation	5,379,159	(23,356)	(247,699)	1,002,608	838,360	(3,629,543)	3,319,529
Taxation	(1,908,433)	-	-	1,097,940	(477,479)	-	(1,287,972)
Segmental assets	90,943,774	6,761,136	390,365	89,562,660	56,927,580	(41,701,566)	202,883,949
Segmental liabilities	37,328,677	7,077,968	1,418,255	74,317,985	26,016,232	(30,780,399)	115,378,718
Net assets	53,615,097	(316,832)	(1,027,890)	15,244,675	30,911,348	(10,921,167)	87,505,231

Revenues from transactions with other operating segments relates to dividend income from Transcorp Hotels Plc and Transcorp Power Limited to the Company, Transnational Corporation of Nigeria Plc.

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities.

The totals presented for the Group's operating segments reconcile to the key financial figures as presented in its financial statements as follows:

Revenue	31 December 2016 N'000	31 December 2015 N'000
Total revenue for reportable segments	61,962,247	43,995,449
Elimination of inter-segment revenue *(i)*	(2,537,628)	(3,241,943)
External revenue	59,424,619	40,753,506
Profit or loss		
Total (loss) or profit for reportable segments	(4,081,261)	6,949,072
Elimination of inter-segment profits *(ii)*	(1,847,087)	(3,629,543)
Consolidated (loss) or profit before taxation	(5,928,348)	3,319,529
Assets		
Total assets of reportable segments	268,280,462	244,585,515
Consolidation eliminations *(iii)*	(36,119,731)	(41,701,566)
Consolidated total assets	232,160,731	202,883,949
Liabilities		
Total liabilities of reportable segments	146,159,117	118,519,068
Consolidation eliminations *(iv)*	(446,983)	(3,140,350)
Consolidated total liabilities	145,712,134	115,378,718

The nature of differences between the measurements of the reportable segment's assets/liabilities and the assets/liabilities of the Group is as follows:

5 Segment analysis (continued)

(i) Elimination of inter-segment revenue relates to dividend income from Transcorp Power Limited and Transcorp Hotels to Transnational Corporation of Nigeria.

(ii) Elimination of inter-segment profits relates to dividend income between the segments and other income arising from transactions with non-controlling interests.

(iii) Investments of Transnational Corporation of Nigeria Plc in its subsidiaries and investment of Transcorp Hotels Plc in Transcorp Hotels Calabar Limited, Transcorp Hotels Port Harcourt Limited and Transcorp Hotels Ikoyi limited respectively accounts for the consolidation eliminations of total assets of reportable segments. Inter-segment receivables were also eliminated to arrive at the consolidated total assets.

(iv) Inter-segment payables, dividend payable to segments within the Group and management fees payable and interest payable to Transnational Corporation of Nigeria Plc from Transcorp Hotels Plc accounts for the consolidation eliminations in total liabilities of the reportable segments.

Entity-wide information
The following is an analysis of the Group's revenue from continuing operations from its major products and services.

Analysis of revenue by category:	**31 December 2016 N'000**	**31 December 2015 N'000**
Rooms	9,632,146	9,060,025
Food and beverage	4,528,631	3,560,761
Shop rental	299,653	644,952
Service charge	160,049	152,416
Other operating revenue	720,533	561,171
Juice concentrate	15,791	126,709
Capacity charge	15,453,485	12,176,485
Energy sent out	28,445,957	14,331,933
Ancillary services	168,374	139,054
Total	**59,424,619**	**40,753,506**

The Group is domiciled in Nigeria where it generates all its external revenue. The total non-current assets of the Group are all located in Nigeria.

6 Property, plant and equipment (PP&E)

Group Cost	Land N'000	Building & improvements N'000	Plant & machinery N'000	Furniture & fittings N'000	Computer & office equipments N'000	Motor vehicles N'000	Capital work in progress N'000	Total N'000
Balance as at 1 January 2015	31,760,758	17,000,877	45,546,578	2,502,609	61,840	597,190	6,521,234	103,991,086
Additions	2,132,500	217,787	1,082,277	350,885	1,279	168,649	14,104,304	18,057,681
Reclassification	-	16,588	4,364,063	436	-	29,500	(4,410,587)	-
Transfer from investment property	1,507,000	-	-	-	-	-	-	1,507,000
Disposals	-	-	-	(9,430)	(1,635)	(92,815)	(358,582)	(462,462)
Balance as at 31 December 2015	35,400,258	17,235,252	50,992,918	2,844,500	61,484	702,524	15,856,369	123,093,305
Balance as at 1 January 2016	35,400,258	17,235,252	50,992,918	2,844,500	61,484	702,524	15,856,369	123,093,305
Additions	188,487	371,502	1,170,987	233,565	64,177	10,701	16,021,900	18,061,319
Reclassification	-	-	39,695	106,847	-	-	(146,542)	-
Disposals	-	-	(2,172)	-	(2,111)	(24,970)	-	(29,253)
Balance as at 31 December 2016	35,588,745	17,606,754	52,201,428	3,184,912	123,550	688,255	31,731,727	141,125,371
Depreciation and impairment losses								
Balance as at 1 January 2015	-	1,443,735	6,898,158	1,797,656	19,232	313,712	-	10,472,493
Depreciation	-	402,745	2,236,719	213,936	4,205	99,527	-	2,957,132
Disposals	-	-	-	(3,820)	(1,320)	(92,210)	-	(97,350)
Balance as at 31 December 2015	-	1,846,480	9,134,877	2,007,772	22,117	321,029	-	13,332,275
Balance as at 1 January 2016	-	1,846,480	9,134,877	2,007,772	22,117	321,029	-	13,332,275
Depreciation	-	413,720	2,342,344	256,548	29,023	109,697	-	3,151,332
Disposals	-	-	(1,312)	-	(405)	(17,080)	-	(18,797)
Balance as at 31 December 2016	-	2,260,200	11,475,909	2,264,320	50,735	413,646	-	16,464,810
Net book value								
At 31 December 2015	35,400,258	15,388,772	41,858,041	836,728	39,367	381,495	15,856,369	109,761,030
At 31 December 2016	35,588,745	15,346,554	40,725,519	920,592	72,815	274,609	31,731,727	124,660,561

6 Property, plant and equipment (continued)

Company Cost	Building & improvements N'000	Plant & Machinery N'000	Furniture & fittings N'000	Computer & office equipments N'000	Motor vehicles N'000	Total N'000
Balance as at 1 January 2015	27,357	4,304	27,957	27,250	14,355	101,223
Additions	937	314	1,806	990	-	4,047
Disposals	-	-	(155)	(1,232)	(380)	(1,767)
Balance as at 31 December 2015	28,294	4,618	29,608	27,008	13,975	103,503
Balance as at 1 January 2016	28,294	4,618	29,608	27,008	13,975	103,503
Additions	568	-	-	280	-	848
Disposals	-	-	-	-	(6,000)	(6,000)
Balance as at 31 December 2016	28,862	4,618	29,608	27,288	7,975	98,351
Depreciation and impairment losses						
Balance as at 1 January 2015	10,660	475	11,508	18,866	8,759	50,268
Depreciation for the year	8,422	649	3,981	4,091	2,640	19,783
Disposals	-	-	(150)	(1,206)	(207)	(1,563)
Balance as at 31 December 2015	19,082	1,124	15,339	21,751	11,192	68,488
Balance as at 1 January 2016	19,082	1,124	15,339	21,751	11,192	68,488
Depreciation for the year	5,540	672	4,008	2,549	1,035	13,804
Disposals	-	-	-	-	(5,191)	(5,191)
Balance as at 31 December 2016	24,622	1,796	19,347	24,300	7,036	77,101
Net book value						
At 31 December 2015	9,212	3,494	14,269	5,257	2,783	35,015
At 31 December 2016	4,240	2,822	10,261	2,988	939	21,250

Borrowing costs capitalised for the Group amounted to N4.08 billion (2015 : N599.7 million)

Depreciation is allocated as follows;	**Group** **2016** **N'000**	 **2015** **N'000**
Cost of sales	2,079,059	1,853,358
Administrative expenses	1,072,273	1,103,774
	3,151,332	2,957,132

All depreciation expenses for the company are charged to administrative expenses.

7 Intangible assets

	Group					Company		
	Goodwill	Computer software	Oil Prospecting License	Exploration and evaluation expenditure	Total	Computer software	Oil Prospecting License	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2015	30,934,143	129,620	5,075,818	2,384,864	38,524,445	12,966	5,075,818	5,088,784
Addition	-	16,241	-	433,548	449,789	-	-	-
Disposal	-	(821)	-	-	(821)	-	-	-
As at 31 December 2015	30,934,143	145,040	5,075,818	2,818,412	38,973,413	12,966	5,075,818	5,088,784
At 1 January 2016	30,934,143	145,040	5,075,818	2,818,412	38,973,413	12,966	5,075,818	5,088,784
Addition	-	65,206	-	24,686	89,892	-	-	-
As at 31 December 2016	30,934,143	210,246	5,075,818	2,843,098	39,063,305	12,966	5,075,818	5,088,784
Accumulated amortisation								
At 1 January 2015	-	73,265	-	-	73,265	11,492	-	11,492
Amortisation charge (Note 25)	-	13,398	-	-	13,398	907	-	907
As at 31 December 2015	-	86,663	-	-	86,663	12,399	-	12,399
At 1 January 2016	-	86,663	-	-	86,663	12,399	-	12,399
Amortisation charge (Note 25)	-	24,673	-	-	24,673	283	-	283
As at 31 December 2016	-	111,336	-	-	111,336	12,682	-	12,682
Net book value								
At 31 December 2015	30,934,143	58,377	5,075,818	2,818,412	38,886,750	567	5,075,818	5,076,385
At 31 December 2016	30,934,143	98,910	5,075,818	2,843,098	38,951,969	284	5,075,818	5,076,102

Goodwill is not amortised but tested for impairment annually.

The remaining amortisation period for computer software cost is between 3 to 6 years.

The Production Sharing Contract between Transcorp and the Nigerian National Petroleum Corporation was signed by the Federal Government of Nigeria on 2 May 2014. Per the agreement, the exploration period is for 5 years after which the OPL converts to an Oil Mining License for a period of 20 years. Amortisation of the OPL cost will commence when it has been determined that commercial quantity of crude can be produced from the oil field and mining commences.

7 Intangible assets (continued)

All expenditure related to the exploration and evaluation activities were capitalised during the year. Expenditure incurred during the year on exploration and drilling activities was N24.6 million (2015: N324 million) and nil (2015: N109.5 million) was incurred on geological and geophysical activities.

Goodwill has been allocated to the following Cash Generating Units (CGUs)	**31 December 2016 N'000**	**31 December 2015 N'000**
Transcorp Hotels Calabar Limited (THC)	863,163	863,163
Transcorp Hotels Plc (THP)	20,369,790	20,369,790
Transcorp Power Limited (TPL)	9,701,190	9,701,190
	30,934,143	30,934,143

Goodwill arose from the excess of the consideration over acquisition-date fair values of identifiable assets and liabilities of subsidiaries acquired. The goodwill amount relates to pre-existing goodwill from previous business combinations.

In assessing goodwill for impairment at 31 December 2016 and 2015, the Company compared the aggregate recoverable amount of the assets included in the CGUs below to their respective carrying amounts. Recoverable amount has been determined based on the value in use of the CGUs using five year cash flow budgets approved by directors that made maximum use of observable markets for inputs and outputs. For periods beyond the budget period, cash flows were extrapolated using growth rates that do not exceed the long-term average for the business.

The key assumptions used for the value-in-use calculations are as follows:

	31 December 2016			**31 December 2015**		
	TPL	**THC**	**THP**	**TPL**	**THC**	**THP**
Budgeted gross margin %	43%	70%	73%	55%	74%	80%
Weighted average growth rate	6%	6%	6%	5%	6%	6%
Pre-tax discount rate	14%	17%	17%	17%	17%	17%

Reasonably possible changes in key assumptions would not cause the recoverable amount of goodwill to fall below the carrying value.

8 Investment property

Non-current assets - at fair value	**Group**		**Company**	
	2016 N'000	**2015 N'000**	**2016 N'000**	**2015 N'000**
At 1 January	1,706,600	2,738,164	1,706,600	1,600,000
Additions	-	407,000	-	-
Fair value gain on investment property	-	106,600	-	106,600
Transfer to property, plant and equipment	-	(1,507,000)	-	-
Fair value loss on investment properties	-	(38,164)	-	-
At 31 December	1,706,600	1,706,600	1,706,600	1,706,600

8 Investment property (continued)

Investment property at 31 December 2016 relates to a piece of land at Rumens Road Ikoyi measuring approximately 4,876.15 square meters. An independent valuation of the Company's land was performed by Ubosi Eleh and Co to determine the fair value of the land as at 31 December 2016 and 31 December 2015.

The title to this property was revoked in a Newspaper publication dated 29 May 2015 by a revocation order of the Minister of Lands, Housing & Urban Development.
A suit has been filed at Federal High Court challenging the legality of the revocation. An interim Order of injunction was obtained restraining Minister of Lands, Housing & Urban Development from giving effect to the revocation order (FHC/L/CS/794/2015 TNC V AG FEDERATION & MINISTER OF LANDS). The court subsequently struck out the suit while ruling on a preliminary objection challenging its jurisdiction.

The company filed a notice of appeal against the ruling of the Federal High Court and an application for stay of proceedings both at the Court of Appeal and the Federal High Court. The Federal High Court granted the Company's application and stayed proceedings in the suit pending the determination of the appeal.

As at the date of the approval of these financial statements, the directors, based on representation from their legal advisers expects that there is no likelihood of unfavourable outcome in the suit.

The table below analyses the non-financial assets carried at fair value, by valuation method. The current market prices of the land were used to determine the fair value as at these dates.

Fair value is measured through the following:
– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Fair value measurements at 31 December 2016 using (N'000)		
Recurring fair value measurements	**Level 1**	**Level 2**	**Level 3**
Land	-	1,706,600	-

There were no transfers between levels 1 and 2 during the year.

Valuation techniques used to derive level 2 fair values
Level 2 fair values of land have been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

9 Investment in subsidiaries

	Company	
	31 December 2016	**31 December 2015**
	N'000	**N'000**
Transcorp Hotels Plc	19,618,523	19,618,523
Transcorp Power Limited	7,860,464	7,860,464
Other subsidiaries companies	50,900	50,900
	27,529,887	27,529,887

Movement in investment in subsidiaries is analysed as follows:	Company	
	31 December 2016	31 December 2015
	N'000	N'000
At 1 January	27,529,887	27,549,287
Liquidation of subsidiaries (9a)	-	-19,400
At 31 December	27,529,887	27,529,887

	Company	
	31 December 2016	31 December 2015
	N'000	N'000
Investments in subsidiary companies eliminated on consolidation is shown below:		
Transnational Corporation investment in subsidiary:		
Transcorp Hotels Plc (THP)	19,618,523	19,618,523
Transcorp Properties Limited	10,000	10,000
Transcorp Power Limited	7,860,464	7,860,464
Transcorp OPL 281 Limited	500	500
Transcorp Energy Limited	9,900	9,900
Teragro Commodities Limited	9,500	9,500
Transcorp Refining Company Limited	1,000	1,000
Transcorp Trading and Logistics Limited	10,000	10,000
Transcorp Telecomms Limited	10,000	10,000
	27,529,887	27,529,887
THP investment in subsidiary:		
Transcorp Hotels Calabar Limited	3,508,621	3,508,621
Transcorp Hotels Port Harcourt Limited	20,000	20,000
Transcorp Hotels Ikoyi Limited	1,160	1,160
	3,529,781	3,529,781

Transcorp Refining Company Limited, Transcorp Telecomms Limited, Transcorp Trading and Logistics Limited are dormant and are undergoing winding up proceedings. The subsidiaries to be wound up have no assets, liabilities, income or expenses as these subsidiaries were incorporated but no further activities were performed. Hence, there are no assets held for sale and no income or expenses from discontinued operations.

a The company wound up the following inactive subsidiaries during the year ended 31 December 2015;
-Telecommunications Backbone Development Company Limited
- Allied Commodities Limited

The winding up accounted for a decrease in investment of N19.4 million which was written against its payable balance (unpaid share capital)

b Other relevant details of the investments are as follows:

Subsidiaries	**Nature of business**	**Issued share capital (in thousands)**	**Parent's interest**	**Group 's interest**	**Non-controlling's interest**
Transcorp Hotels Plc (THP)	Rendering of hospitality services.	7,600,404	83%	83%	17%
Transcorp Refining Company Limited	Oil and gas consultancy exploration, refining and marketing.	1,000	100%	100%	-
Transcorp Telecomms Limited	Distribution of global systems for mobile communication.	10,000	100%	100%	-
Teragro Commodities Limited (TRG)	Cultivate the soil and grow food, cash and fodder crops.	10,000	95%	100%	-
Transcorp Trading and Logistics Limited	General maritime operations including transportation.	10,000	100%	100%	-
Transcorp Employee Share Scheme	Manages shares ownership scheme set up for the employees.	10	1%	1%	99%
Transcorp Energy Limited	Mining, refining and supply merchants of mining produce.	10,000	99%	100%	-
Transcorp Properties Limited	Building, contractors, decorators, merchants and dealers in stone, sand, lime, iron, etc.	10,000	100%	100%	-
Transcorp Hotels Calabar Limited	Rendering of hospitality services.	7,690	0%	83%	17%
Transcorp Power Limited (TPL)	Investment in power generation.	66,152	50.01%	50.01%	49.99%
Transcorp OPL 281 Limited	Oil and gas exploration, refining and marketing.	500	100%	100%	-
Transcorp Hotels Ikoyi Limited	Rendering of hospitality services.	2,000	0%	52%	48%
Transcorp Hotels Port harcourt Limited	Rendering of hospitality services.	20,000	0%	100%	-

All subsidiaries are incorporated in Nigeria .

c Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Transcorp Hotels Group comprises Transcorp Hotels Plc, Transcorp Hotels Calabar Limited, Transcorp Hotels Ikoyi Limited and Transcorp Hotels Portharcourt Limited.

Summarised statement of financial position	**Transcorp Hotels Plc (THP) - Group**		**Transcorp Power Limited (TPL)**	
	2016	**2015**	**2016**	**2015**
Current	**N'000**	**N'000**	**N'000**	**N'000**
Asset	11,618,676	25,974,324	51,932,816	28,380,475
Liabilities	(13,501,953)	(12,989,530)	(63,036,099)	(39,737,344)
Total net current (liabilities)/assets	(1,883,277)	12,984,794	(11,103,283)	(11,356,869)
Non-current				
Assets	79,145,837	65,366,706	56,981,731	55,766,449
Liabilities	(24,062,167)	(26,206,350)	(32,449,090)	(29,166,903)
Total non-current net assets	55,083,670	39,160,356	24,532,641	26,599,546
Net assets	53,200,393	52,145,150	13,429,358	15,242,677

Summarised statement of comprehensive income	**Transcorp Hotels Plc (THP) - Group**		**Transcorp Power Limited (TPL)**	
	2016	**2015**	**2016**	**2015**
	N'000	**N'000**	**N'000**	**N'000**
Revenue	15,311,879	13,979,324	44,067,817	26,647,472
Profit /(loss) before income tax	5,234,986	5,377,968	(8,083,230)	1,002,612
Income tax (charge)/credit	(1,139,582)	(1,880,627)	6,269,910	558,635
Post-tax profit/(loss) from continuing operations	4,095,404	3,497,341	(1,813,320)	1,561,247
Total comprehensive income/(loss)	4,095,404	3,497,341	(1,813,320)	1,561,247
Total comprehensive income/(loss) allocated to non-controlling interests	696,219	594,548	(906,479)	780,467
Dividends paid to non-controlling interests	502,521	513,256	-	649,902

Summarised cash flows	**Transcorp Hotels Plc (THP) - Group**		**Transcorp Power Limited (TPL)**	
	2016	**2015**	**2016**	**2015**
	N'000	**N'000**	**N'000**	**N'000**
Cash flows from operating activities				
Cash generated from operations	8,014,100	8,983,761	5,813,757	5,502,205
Income tax paid	(3,042,659)	(2,063,008)	-	-
Net cash generated from operating activities	4,971,441	6,920,753	5,813,757	5,502,205
Net cash used in investing activities	(11,449,513)	(12,164,448)	(3,502,675)	(5,665,226)
Net cash (used in)/generated from financing activitie	(6,044,612)	16,739,946	(2,081,857)	160,314
Net (decrease)/increase in cash and cash equivalents	(12,522,684)	11,496,251	229,225	(2,707)
Cash and cash equivalents at beginning of year	14,184,829	2,688,578	215,054	217,761
Cash and cash equivalents at end of year	1,662,145	14,184,829	444,279	215,054

The information above is the amount before inter-company eliminations.

10 Deferred tax

	Group 2016	Group 2015
The gross movement on the deferred income tax account is as follows:	N'000	N'000
Deferred tax assets	3,356,550	-
Deferred tax liabilities	(7,158,798)	(10,502,430)
	(3,802,248)	**(10,502,430)**
Deferred tax		
Accelerated tax depreciation	(8,405,601)	(8,768,413)
Fair value on revaluation	(2,774,698)	(2,774,698)
Unrealised FX losses	7,367,850	1,097,940
Tax losses carried forward	10,201	(57,259)
	(3,802,248)	**(10,502,430)**

	Accelerated tax depreciation N'000	Fair value on revaluation N'000	Unrealised FX losses N'000	Tax losses carried forward N'000	Total N'000
At 1 January 2015	8,919,550	2,774,698	-	(100,613)	11,593,635
Credited to the income statement	(151,137)	-	(1,097,940)	157,872	(1,091,205)
At 31 December 2015	8,768,413	2,774,698	(1,097,940)	57,259	10,502,430
At 1 January 2016	8,768,413	2,774,698	(1,097,940)	57,259	10,502,430
Credited to income statement	(362,812)	-	(6,269,910)	(67,460)	(6,700,182)
At 31 December 2016	8,405,601	2,774,698	(7,367,850)	(10,201)	3,802,248

11 Prepaid lease rental

	Group 31 December 2016 N'000	Group 31 December 2015 N'000
At 1 January	35,000	65,000
Addition	83,704	-
Utilisation	(30,000)	(30,000)
At 31 December	88,704	35,000
Less: minimum lease payments for the next 12 months	(30,000)	(30,000)
Non current lease payments	58,704	5,000
Non current lease payments has been analysed as follows:		
Due between 1 to 5 years	58,704	5,000

Prepaid lease rental represents amounts paid to Benfruit Nigeria Limited by one of the subsidiaries, Teragro Commodities Limited for lease of facilities and equipment. The lease is for a 10 year period, commencing from the date of commissioning at an initial lease rental of N30 million per annum subject to a renewal option for the lessee of further terms of 5 years each.

12 Inventories

	Group 31 December 2016 N'000	Group 31 December 2015 N'000
Food and beverage	215,486	147,931
Fuel/lubricant	56,075	91,307
Spares	4,368,435	4,230,747
Guest supplies	66,474	88,693
Finished goods	1,170	21,001
Packaging materials	8,752	6,521
Other sundry stock	6,153	11,256
	4,722,545	4,597,456

All inventory are stated at lower of cost and net realisable value. The cost of inventories recognised as an expense and included in 'cost of sales' amount to N2.8 billion (2015: N3 billion). No impairment charge (2015: N45 million) was recorded on the Group's inventory in the income statement.

13 Trade and other receivables

	Group		Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	N'000	N'000	N'000	N'000
Trade receivables	48,931,779	25,402,891	-	-
Less: provision for impairment (a)	(778,288)	(589,973)	-	-
Trade receivables - net	48,153,491	24,812,918	-	-
Other receivables	4,425,799	4,760,429	3,468,640	3,383,367
Prepayments	521,929	122,875	67,378	51,291
Due from related companies (Note 36)	1,003,320	1,657,547	15,546,760	13,784,675
Dividend receivable	-	-	2,284,117	2,917,749
	54,104,539	31,353,769	21,366,895	20,137,082

a Provision for impairment of trade receivables

	Group	
	2016	2015
	N'000	N'000
Balance at 1 January	589,973	147,520
Impairment losses recognised on receivables	188,315	442,453
Balance at 31 December	778,288	589,973

A significant portion of the increase in trade receivable relates to receivable from the Transmission Company of Nigeria Plc and Nigerian Bulk Electricity Trading Plc which are the government regulated bodies for the power business.

14 Debt and equity securities

	Group and Company	
	31 December 2016	31 December 2015
	N'000	N'000
Current portion		
Fixed income investment	-	358,887
	-	358,887
Non-current portion		
Equity securities at fair value through OCI	2,207,943	1,764,937
	2,207,943	2,123,824

See movement in debt and equity securities below:	2016		2015	
	Equity securities	Fixed income investment	Equity securities	Fixed income investment
	N'000	N'000	N'000	N'000
At 1 January	1,764,937	358,887	2,256,379	1,175,219
Fair value gain/(loss)	547,479	-	-475,867	-
Liquidation	(104,473)	(18,519)	(15,575)	(467,270)
Impairment	-	(340,368)	-	(349,062)
At 31 December	2,207,943	-	1,764,937	358,887

Equity securities represent shares of various companies that are listed on the Nigerian Stock Exchange (NSE). The original amount invested in equity securities was N1.3 billion. These investments have recorded a fair value profit of N547 million (2015: fair value loss of N475 million).

The liquidation of fixed income investment was by cash of N18.5 million (2015: N259 million cash and equity securities of N208 million)

15 Cash and cash equivalents

	Group		Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	N'000	N'000	N'000	N'000
Cash and bank balance	2,361,320	14,419,520	5,026	10,686

Included in cash and bank balance for the Group is balance held at First Bank of Nigeria Plc of N210 million which is restricted due to a current court lien placed on it since May 2012 as a result of an existing court case between Lagos State Government and defunct Power Holding Company of Nigeria (PHCN).

16 Trade and other payables

	Group		Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	N'000	N'000	N'000	N'000
Trade creditors	26,820,960	11,173,419	-	-
Accruals and other liabilities	3,954,729	5,431,646	224,028	474,313
Unearned income	41,379	147,461	-	-
Deposit from guests	126,573	123,316	-	-
VAT payable	55,618	73,798	-	-
Dividend payable	524,215	691,437	-	-
Due to related companies (Note 36)	63,002	46,613	5,454,253	7,173,666
	31,586,476	17,687,690	5,678,281	7,647,979

a Deposit for shares

Based on the Memorandum of Understanding between Transcorp Hotels Plc and Heirs Holdings Limited, Transcorp Hotels Ikoyi Limited (THIL) will issue shares to Heirs Holdings Limited on completion of the construction and start of operation of the hotel.

Deposit for shares relates to Heirs Holding Nigeria Limited's contribution to the development of Transcorp Hotels Ikoyi Limited (THIL).

17 Taxation

	Group		Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	N'000	N'000	N'000	N'000
Income tax	1,629,876	1,924,066	155,405	153,285
Education tax	15,193	130,917	-	-
	1,645,069	2,054,983	155,405	153,285
Tax on franked investment income	253,763	324,194	253,763	324,194
Deferred tax (Note 10)	(6,700,182)	(1,091,205)	-	-
	(4,801,350)	1,287,972	409,168	477,479

The movement in tax payable is as follows:	Group		Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
At 1 January	5,695,106	5,984,570	202,198	224,137
Provision for the year	1,645,069	2,054,983	155,405	153,285
Payment during the year	(3,202,578)	(2,344,447)	(161,023)	(175,224)
At 31 December	4,137,597	5,695,106	196,580	202,198

A reconciliation between tax expense and the product of accounting profit multiplied by Nigeria's domestic tax rate for the years ended 31 December 2016 and 2015 is as follows:

	Group		Company	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
	N'000	**N'000**	**N'000**	**N'000**
(Loss)/profit before tax	**(5,928,348)**	**3,319,529**	**(439,925)**	**1,037,146**
Tax at Nigeria Corporation tax rate of 30% (2015: 30%)	(1,778,504)	995,859	(131,978)	311,144
Education tax	15,193	130,917	-	-
Tax on franked investment income	253,763	324,194	253,763	324,194
Expenses not deductible for tax purposes	(5,956,201)	2,510,770	313,709	38,187
Income not subjected to tax	(1,305,250)	(3,450,308)	(761,288)	(972,586)
Tax losses for which no deferred income tax asset was recognised	3,814,245	623,255	579,557	623,255
Minimum tax adjustments	155,405	153,285	155,405	153,285
Tax (credit)/charge for the year	**(4,801,350)**	**1,287,972**	**409,168**	**477,479**

18 Borrowings

	Group		Company	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
Falling due within a year	**N'000**	**N'000**	**N'000**	**N'000**
Bank borrowings	19,483,819	12,125,454	10,987,060	5,627,440
Unsecured bond	6,116,876	3,238,531	-	-
	25,600,695	15,363,985	10,987,060	5,627,440
Falling due after one year				
Bank borrowings	58,371,720	45,530,943	8,231,283	10,045,155
Unsecured bond	14,571,848	16,313,564	-	-
	72,943,568	61,844,507	8,231,283	10,045,155
Total	**98,544,263**	**77,208,492**	**19,218,343**	**15,672,595**

18 Borrowings (continued)

The Company's subsidiary Transcorp Hotel Plc. issued unsecured bonds as analysed:

Purpose	Principal (N'000)	Bond type	Tenor	Interest rate	Outstanding as at 31 December 2016	Outstanding as at 31 December 2015
To upgrade and refurbish Transcorp Hilton Abuja and construct a Multipurpose Banquet Hall in Transcorp Hilton Abuja.	10,000,000	Unsecured	7 years	16% per annum	9,767,095	9,767,095
	9,785,000	Unsecured	5 years	15.5% per annum	9,785,000	9,785,000

The Group's borrowings are analysed below

Purpose	Principal (N'000)	Loan type	Tenor (Original period of borrowing)	Other terms/ Security	Interest rate	Outstanding Principal / drawdown as at 31 December 2016	Outstanding Principal / drawdown as at 31 December 2015
Company: (Restructured) To finance the Company's investment in target sectors.	11,412,685	Amortizing Consolidated Term Loan	5 years inclusive of 12 months moratorium	Negative pledge on all assets	17% per annum	11,412,685	3,133,506
Company: To finance the Company's investment in target sectors.	1,580,017	Term Loan Restructure	7 years inclusive of 12 months moratorium	Negative pledge on all assets	17% per annum	1,580,017	11,673,513
Company: To augment the Company's working capital requirements.	1,500,000	Revolving overdraft facility	365 days repayable on demand; available for 5 years	Negative pledge on all assets	17% per annum	2,569,978	785,328
Company: To provide working capital support to the Company business.	2,500,000	Revolving term loan	5 years with 180 days review cycle	Negative pledge on all assets	17% per annum	2,175,000	-
Company: To finance the staff share scheme.	60,310	Medium term loan	8 years and 6 months	Negative pledge on all assets	17% per annum	31,520	80,248
TPL: Ughelli Power Plant acquisition	35,000,000	Acquisition finance	7 years	Share charge, the Deed of Corporate guarantee, the assignment of contracts agreement and Trust Deed	Libor plus 8.5%	46,575,547	37,554,680
TPL: To finance the import of turbine equipment and guarantee payments. ($40M).	6,700,000	Import Finance Facility	3 years and 180 days where a letter credit has been raised	Domiciliation of operational proceeds and Corporate guarantee	16% per annum	3,960,461	3,960,461
TPL: To support payment of gas supply to power plant and other working capital requirements.	2,325,000	Revolving overdraft facility	5 years with 365 days review cycle	Domiciliation of operational proceeds and Corporate guarantee	16% per annum	2,325,000	0
Teragro: To finance working capital requirement including purchase of raw materials and plant maintenance.	500,000	Medium term loan	4 years	Corporate guarantee on Transnational Corporation of Nigeria Plc	17% per annum	500,000	468,661

19 Financial instruments and fair values

Measurement Categories

The following table shows the carrying values of financial assets and liabilities for each of these categories at 31 December 2016 and 2015.

Group

	31 December 2016			
	N'000	N'000	N'000	N'000
Financial assets	**Loans and receivables**	**Available for sale**	**Total carrying amount**	**Fair value**
Trade and other receivables	53,582,610	-	53,582,610	53,582,610
Equity securities	-	2,207,943	2,207,943	2,207,943
Cash and cash equivalents	2,361,320	-	2,361,320	2,361,320
	55,943,930	2,207,943	58,151,873	58,151,873

	31 December 2016	
	N'000	N'000
Financial liabilities	**Other financial liabilities at amortised cost**	**Fair value**
Trade payables and other liabilities	31,418,524	31,418,524
Advance deposits	1,875,000	1,875,000
Borrowings	98,544,263	98,544,263
	131,837,787	131,837,787

Group

	31 December 2015			
	N'000	N'000	N'000	N'000
Financial assets	**Loans and receivables**	**Available for sale**	**Total carrying amount**	**Fair value**
Trade and other receivables	31,230,894	-	31,230,894	31,230,894
Equity securities	-	1,764,937	1,764,937	1,764,937
Fixed income investment	358,887	-	358,887	358,887
Cash and cash equivalents	14,419,520	-	14,419,520	14,419,520
	46,009,301	1,764,937	47,774,238	47,774,238

	31 December 2015	
	N'000	N'000
Financial liabilities	**Other financial liabilities at amortised cost**	**Fair value**
Trade payables and other liabilities	17,416,913	17,416,913
Advance deposits	1,875,000	1,875,000
Borrowings	77,208,492	77,208,492
	96,500,405	96,500,405

Company

	31 December 2016			
	N'000	N'000	N'000	N'000
Financial assets	**Loans and receivables**	**Available for sale**	**Total carrying amount**	**Fair value**
Trade and other receivables	21,299,517	-	21,299,517	21,299,517
Equity securities	-	2,207,943	2,207,943	2,207,943
Cash and cash equivalents	5,026	-	5,026	5,026
	21,304,543	2,207,943	23,512,486	23,512,486

Financial liabilities	31 December 2016 N'000 Other financial liabilities at amortised cost	N'000 Other financial liabilities at fair value
Trade payables	5,678,281	5,678,281
Advance deposits	1,875,000	1,875,000
Borrowings	19,218,343	19,218,343
	26,771,624	26,771,624

Company

Financial assets	31 December 2015 N'000 Loans and receivables	N'000 Available for sale	N'000 Total carrying amount	N'000 Fair value
Trade and other receivables	20,085,791	-	20,085,791	20,085,791
Equity securities	-	1,764,937	1,764,937	1,764,937
Fixed income investment	358,887	-	358,887	358,887
Cash and cash equivalents	10,686	-	10,686	10,686
	20,455,364	1,764,937	22,220,301	22,220,301

Financial liabilities	31 December 2015 N'000 Other financial liabilities at amortised cost	N'000 Fair value
Trade payables	7,647,979	7,647,979
Advance deposits	1,875,000	1,875,000
Borrowings	15,672,595	15,672,595
	25,195,574	25,195,574

Fair values, including valuation methods and assumptions

The following table shows the financial assets on the balance sheet that are measured at fair value in a hierarchy that is based on significance of the inputs used in making the measurements.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.
Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3 - Inputs for the asset that are not based on observable market data (that is, unobservable inputs).

There were no transfer of financial assets between fair value levels of hierarchy.

Fair value Hierarchy		31 December 2016	31 December 2015
Group and company		N'000	N'000
Assets			
Equity securities at fair value through OCI	Level 1	2,207,943	1,764,937

The table below shows other financial instruments not measured at fair value but which the fair values have been disclosed:

Group		31 December 2016	31 December 2015
Assets		N'000	N'000
Loans and receivables			
Trade and other receivables	Level 3	53,582,610	31,230,894
Fixed income investment	Level 2	-	358,887
Total assets		53,582,610	31,589,781

Liabilities			
Other financial liabilities at amortised cost		**N'000**	**N'000**
Trade payables and other liabilities	Level 3	31,418,524	17,416,913
Advance deposits	Level 3	1,875,000	1,875,000
Borrowings	Level 2	98,544,263	77,208,492
Total liabilities		131,837,787	96,500,405
Company			
Assets			
Loans and receivables			
Trade and other receivables	Level 3	21,299,517	21,299,517
Fixed income investment	Level 2	-	358,887
Total assets		21,299,517	21,658,404
Liabilities			
Other financial liabilities at amortised cost			
Trade payables and other liabilities	Level 3	5,678,281	7,647,979
Advance deposits	Level 3	1,875,000	1,875,000
Borrowings	Level 2	19,218,343	15,672,595
Total liabilities		26,771,624	25,195,574

20 Advance deposits

	Group & company	
	31 December 2016	**31 December 2015**
	N'000	**N'000**
Sacoil / Equity, Energy and Resource (EER) farm-in fees	1,875,000	1,875,000

Advance deposits of N1.875 billion (2015: N1.875 billion) relates to an advance payment of $12.5million received from EER/Sacoil as farm-in fees for Oil Prospecting License 281 (OPL 281).

The Production Sharing Contract (PSC) with NNPC was signed on 2 May 2014. The farm-in process has not been completed. In 2015, Sacoil indicated its intention to discontinue its interest in the OPL 281 and has served the Company with a notice to refund its farm-in fees with accrued interest totaling $19 million. The Company is currently contesting this refund request in court and there is a counter claim in this respect.

As at the date of the approval of these financial statements, the directors, based on representation from their legal advisers expects that there is no likelihood of unfavourable outcome in the suit.

21 Revenue

	Group		Company	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
The group derives the following types of revenue:	**N'000**	**N'000**	**N'000**	**N'000**
Rooms	9,632,146	9,060,025	-	-
Food and beverage	4,528,631	3,560,761	-	-
Shop rental	299,653	644,952	-	-
Service charge	160,049	152,416	-	-
Other operating revenue	720,533	561,171	-	-
Juice concentrate	15,791	126,709	-	-
Dividend income	-	-	2,537,628	3,241,943
Capacity charge	15,453,485	12,176,485	-	-
Energy sent out	28,445,957	14,331,933	-	-
Ancillary services	168,374	139,054	-	-
	59,424,619	40,753,506	2,537,628	3,241,943

All recognised revenue were generated in Nigeria.

22 Cost of sales

	Group	
	31 December 2016	31 December 2015
	N'000	N'000
Rooms	700,588	1,126,676
Staff costs (Note 26)	2,132,261	1,964,941
Food and beverage	1,687,947	959,141
Natural gas and fuel costs	20,447,826	7,937,004
Direct materials	14,538	98,729
Other direct expenses	840,481	657,018
Repairs and maintenance	1,137,886	1,628,855
Depreciation	2,079,059	1,853,358
Insurance	186,780	169,850
Other operating departments	31,446	27,543
	29,258,812	16,423,115

23 Other income

	Group		Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	N'000	N'000	N'000	N'000
Dividend income on equity securities	289,008	150,483	289,008	150,483
Management fees from subsidiaries	-	-	700,000	353,513
Profit on disposal of equity investment	48,800	-	48,800	-
Profit on fixed asset disposal	3,600	16,595	-	-
Recovery of investment in Nitel	8,338	164,808	8,338	164,808
Income from tenants	-	100,373	-	-
Write back of provision	-	44,964	-	-
Other income	126,213	27,237	12,273	21,840
	475,959	504,460	1,058,419	690,644

24 Other gains/(losses) - net

	Group		Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Included in profit or loss	N'000	N'000	N'000	N'000
Fair value loss on investment properties	-	(38,164)	-	-
Fair value gain on investment properties	171,535	106,600	-	106,600
Loss on sale of investment	-	(185,948)	-	-
Foreign exchange gain/(loss)	279,826	(69,304)	557	(153,240)
	451,361	(186,816)	557	(46,640)
Included in other comprehensive income				
Fair value gain/(loss) on equity securities	547,479	(587,547)	547,479	(475,867)

A significant portion (98%) of the Group's equity portfolio is its investment in United Bank of Africa Plc (UBA) shares. The market price of the equity security increased by 33% from N3.83 per share in December 2015 to N4.5 per share in December 2016. The fair value of all equity securities is based on their current bid prices in an active market.

The changes in the market price of the UBA share resulted in a fair value gain of N547.48 million (2015 fair value loss: N475.87 million) (Group: N587.5 million). Measures put in place by management to mitigate against its price risk has been disclosed in Note 3.1(ii).

25 Administrative and general expenses

	Group		Company	
	31 December 2016 N'000	31 December 2015 N'000	31 December 2016 N'000	31 December 2015 N'000
Staff costs (Note 26)	1,774,600	1,876,474	231,219	299,368
Depreciation	1,072,273	1,103,774	13,804	19,783
Amortisation (Note 7)	24,673	13,398	283	907
Auditors' remuneration	117,350	120,556	40,250	35,000
Management and incentive fees	935,456	918,507	-	-
Professional fees	688,828	638,107	525,475	332,851
Director's remuneration (Note 26)	536,551	544,688	216,522	221,845
Rent and rates	71,629	149,314	30,000	45,926
Loss on asset disposal	307	173	307	173
Repairs and maintenance	611,815	727,843	3,871	4,374
Advertising	1,033	24,517	973	5,515
Group service benefits	297,095	272,869	-	-
Insurance	179,061	185,325	9,399	10,886
Eletricity and diesel cost	1,129,360	907,429	9,907	7,557
Travel and accommodation	186,188	407,804	46,252	82,582
Licenses and fees	58,499	55,884	58,474	55,527
Marketing and promotion	29,000	20,510	-	500
Bank charges	288,881	181,445	3,578	29,942
Write off of fixed income investment	340,368	377,064	340,368	377,064
Impairment of Teragro loans	-	-	690,634	-
Provision for bad debts - hospitality	285,263	344,505	-	-
Donations	984	11,755	300	1,000
Corporate social responsibilty cost	300	23,035	-	-
Other operating expenses	1,747,594	708,641	109,527	188,504
	10,377,108	9,613,617	2,331,143	1,719,304

Other operating expenses include costs incurred on security services, subscription and fees and lease rentals.

In 2016, PwC carried out non audit services totalling N2 million (2015: N10.27 million) for Transcorp group. These non audit services were carried out with the consent of the audit engagment partners and these services pose no threat to PwC's Independence and objectivity. The amount is included in professional fees.

26 Particulars of directors and staff

a The average number of persons, (excluding directors), employed by the Group and Company during the year was as follows:

	Group		Company	
	31 December 2016 Number	31 December 2015 Number	31 December 2016 Number	31 December 2015 Number
Managerial	63	53	10	11
Senior staff	244	166	6	6
Others	1,719	1,930	5	8
	2,026	2,149	21	25

b The table below shows the number of employees (excluding directors), who earned over N240,000 as emoluments in the year and were within the bands stated.

	Group		Company	
	31 December 2016 Number	31 December 2015 Number	31 December 2016 Number	31 December 2015 Number
N240,001 - N500,000	894	911	-	-
N500,001 - N1,000,000	671	708	3	4
N1,000,001 - N2,000,000	188	181	3	-
N2,000,001 - N4,000,000	193	182	3	5
Above N4,000,000	80	167	12	16
	2,026	2,149	21	25

c Staff costs for the above persons (excluding Directors):

	Group		Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	N'000	N'000	N'000	N'000
Salaries and wages	3,698,025	3,641,488	217,422	283,482
Defined contribution cost	208,836	199,927	13,797	15,886
	3,906,861	3,841,415	231,219	299,368

	Group		Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	N'000	N'000	N'000	N'000
d Analysis of staff costs:				
Cost of sales	2,132,261	1,964,941	-	-
Administrative and general expenses	1,774,600	1,876,474	231,219	299,368
	3,906,861	3,841,415	231,219	299,368

	Group		Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	N'000	N'000	N'000	N'000
e Emoluments of directors				
The remuneration paid to the Directors of the Company was:				
Salaries	232,472	240,095	100,210	94,923
Fees	137,370	119,441	8,800	10,350
Defined contribution	22,723	6,328	3,976	3,976
Benefits in kind	143,986	178,824	103,536	112,596
	536,551	544,688	216,522	221,845
Amount paid to the highest paid director	100,210	94,923	100,210	94,923
Chairman's emoluments				
Fees	1,400	1,400	1,400	1,400
Benefit in kind	40,738	42,373	40,738	42,373
	42,138	43,773	42,138	43,773

The number of directors of the Group (including the highest paid Director) whose remuneration, excluding pension contributions in respect of services to the Company fell within the following ranges:

	Group		Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	Number	Number	Number	Number
Less than N10,000,000	6	9	-	-
Over N10,000,000	19	19	8	8
	25	28	8	8

27 Finance costs and income

	Group		Company	
	31 December 2016 N'000	31 December 2015 N'000	31 December 2016 N'000	31 December 2015 N'000
Finance costs:				
Interest expense on loans	8,303,471	6,818,984	3,131,737	2,396,053
Finance income:				
Interest on loan	277,688	815,816	1,426,351	1,266,556
Interest on bank deposits	-	349,411	-	-
Interest to unwind discounted receivable	85,328	-	-	-
	363,016	1,165,227	1,426,351	1,266,556
Net finance costs	7,940,455	5,653,757	1,705,386	1,129,497

28 Net foreign exchange losses

The exchange differences charged/credited to the income statement are included as follows:

	Group		Company	
	31 December 2016 N'000	31 December 2015 N'000	31 December 2016 N'000	31 December 2015 N'000
Foreign exchange loss on borrowings	18,703,912	6,061,132	-	-

The movement in foreign exchange differences is as result of the decline in the value of the Nigerian Naira against the US Dollars by N108.5/$1 from N196/$1 in December 2015 to N304.5 in December 2016.

29 Earnings per share

Basic earnings/ (loss) per share is calculated by dividing the profit/ (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

	Group		Company	
	31 December 2016 N'000	31 December 2015 N'000	31 December 2016 N'000	31 December 2015 N'000
(Loss)/profit attributable to shareholders	(931,141)	391,419	(849,093)	559,667
Weighted average number of ordinary shares in issue	40,647,991	38,720,997	40,647,991	38,720,997
Basic (loss)/earnings per share (Kobo)	(2.29)	0.96	(2.09)	1.38
Diluted (loss)/earnings per share (Kobo)	(2.29)	0.96	(2.09)	1.38

30 Share capital

a Authorised:

	Group		Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
45,000,000,000 ordinary shares of 50kobo each	22,500,000	22,500,000	22,500,000	22,500,000

Allotted, called up and fully paid:

	Group and Company		
	Number of shares (thousands)	Ordinary shares N'000	Total N'000
At 1 January 2016	38,720,997	19,360,499	19,360,499
Bonus issue	1,926,994	963,497	963,497
At 31 December 2016	40,647,991	20,323,996	20,323,996

During the year, the Directors approved bonus shares of 1 ordinary share for every 20 shares held by shareholders whose names appear in the register of members as at 13 April 2016. In arriving at the weighted average number of ordinary shares, the ordinary shares in issue during the year have been adjusted for their bonus element (time weighted) while treasury shares were excluded.

b Share premium

	Group and Company	
	2016	**2015**
	N'000	**N'000**
At 1 January	7,213,368	7,213,368
Bonus issue	(963,497)	-
At 31 December	6,249,871	7,213,368

c Treasury shares

Treasury shares represent the Company's shares held by the Transcorp Staff Share Ownership Trust Company Limited (a subsidiary) as at 31 December 2016.

31 Non controlling interest

	Transcorp Hotels Plc (THP)	Transcorp Power Limited (TPL)	Transcorp Hotels Ikoyi Limited	Group
	N'000	**N'000**	**N'000**	**N'000**
At 1 January 2016	26,326,106	7,399,429	840	33,726,375
THP profit for the year	710,665	-	-	710,665
TPL loss for the year	-	(906,522)	-	(906,522)
NCI share of dividend declared	(502,521)	-	-	(502,521)
At 31 December 2016	26,534,250	6,492,907	840	33,027,997

32 Cash generated from operating activities

	Group		Company	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
	N'000	**N'000**	**N'000**	**N'000**
(Loss)/profit before tax	(5,928,348)	3,319,529	(439,925)	1,037,146
Adjustment for:				
Depreciation of PP&E (Note 6)	3,151,332	2,957,132	13,804	19,770
Loss on disposal of PP&E	307	173	307	173
Loss on disposal of intangible asset	-	821	-	-
Amortization of intangible assets	24,673	13,398	283	907
Fair value gain - investment property	-	(106,600)	-	(106,600)
Fair value loss - investment properties (Note 8)	-	38,164	-	-
Impairment of fixed income investment	340,368	349,062	340,368	349,062
Other comprehensive income	25,406	(111,680)	25,406	-
Finance cost (Note 27)	8,303,471	6,818,984	3,131,737	2,396,053
Finance income (Note 27)	(363,016)	(1,165,227)	(1,426,351)	(1,266,556)
Foreign exchange loss	18,703,912	6,061,132	-	-
Changes in working capital:				
Increase in trade, other receivables and prepayment	(23,210,167)	(3,639,732)	(1,230,371)	(3,541,499)
Increase in inventories	(125,089)	(2,915,232)	-	-
Increase/(decrease) in trade and other payables	13,898,786	6,328,432	(1,969,698)	952,956
Net cash generated from/(used in) operations	14,821,635	17,948,356	(1,554,440)	-158,588

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	Group		Company	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
	N'000	**N'000**	**N'000**	**N'000**
Net book amount	10,456	365,112	809	204
Loss on disposal of PP&E	(307)	(173)	(307)	(173)
Proceeds from sale of PP&E	10,149	364,939	502	31

33 Capital commitments

The Group has committed capital expenditure up to N15.28 billion (2015: N13.3 billion) for hotel expansion and upgrade (N7.58 billion),commitment to General Electric for the rehabilitation of Gas turbine (GT)15 (N5.1 billion) and Thomassen LLC for the rehabilitation of (GT)20 (N2.6 billion)

34 Contingent liabilities

Apart from the case mentioned in note 20, there were no other material litigations in the ordinary course of business as at the balance sheet date. The directors are of the opinion that all known liabilities which are relevant in assessing the state of affairs of the Company have been taken into consideration in the preparation of these financial statements.

35 Subsequent events

No subsequent event after the balance sheet date came to the notice of the directors, which would materially affect the position shown by the financial statements on the balance sheet date.

36 Related parties

a Related entities

Heirs Holding Limited

Heirs Holding Limited is a company controlled by the group's key management personnel. Transcorp entered into a technical services agreement with Heirs Holding Limited for the latter's provision of corporate and financial advisory services, governance support, brand and communications services and business development support.

A technical services agreement was also entered into between Transcorp Power Limited and Heirs Holdings Limited.

Tony Elumelu Foundation

Tony Elumelu Foundation is a company controlled by the group's key management personnel. The Foundation carries out various Corporate Social Responsibility (CSR) activities on behalf of Transcorp Power Limited.

Tenoil Petroleum and Energy Services

Tenoil Petroleum and Energy Services is a company controlled by the group's key management personnel. Tenoil disposed part of its interest in Transcorp Power Limited (TPL) to Transcorp Plc. Consideration for the disposal was used to reduce amount receivable from the counter-party as at date of disposal. The outstanding receivable balance as at balance sheet date is deemed recoverable.

Nembe Creek Oil Company Limited

Nembe Creek Oil Company Limited is a company controlled by the group's key management personnel.

Other subsidiaries

The Company enter into a Technical and Management services agreement with Transcorp Hotels Plc and Transcorp Power Limited. As stipulated in the signed agreement, the Company earns management fee of higher of N350 million or 5% of profit before tax of Transcorp Hotels Plc and Transcorp Power Limited.
Other intercompany balances relates to payment made or received on behalf of the company's subsidiaries.

b Key management personnel

Name	Designation	Name	Designation
Mr. Tony Elumelu, MFR	Chairman	Mr. Stanley Inye Lawson	Director
Mr. Emmanuel N. Nnorom	President/CEO	Mr. Kayode Fasola	Director
Olorogun O'tega Emerhor, OON	Director	Alhaji Abdulquadir Jeli Bello	Director
Mr. Chibundu Edozie	Director (Resigned 29 September 2016)		

36 Related parties (continued)

c Subsidiaries

Details of the subsidiaries have been disclosed in note 9c

d Related party transactions

Group

Name of Party	Nature of Relationship	Nature of Transactions	Outstanding balance at 1 January 2016	Net value of Transactions in 2016	Outstanding balance at 31 December 2016
			N'000	N'000	N'000
Receivable					
Heirs Holding Limited	Controlled key management personnel	Receivable	1,087,269	(657,438)	429,831
Nembe Creek Oil Company Limited	Controlled key management personnel	Receivable	570,278	(2,692)	567,586
Tony Elumelu Foundation	Controlled key management personnel	Receivable	-	5,903	5,903
			1,657,547		1,003,320
Payable					
Tony Elumelu Foundation	Controlled key management personnel	Corporate Social Responsibility	22,035	-22,035	-
Heirs Holding Limited	Controlled key management personnel	Technical Service Fees	22,035	33,284	55,319
Tenoil Petroleum and Energy Services Limited	Controlled key management personnel	Payable	-	7,683	7,683
Nembe Creek Oil Company Limited	Controlled key management personnel	Payable	2,543	-2,543	-
			46,613		63,002

Company

Name of Party	Nature of Relationship	Nature of Transactions	Outstanding balance at 1 January 2016	Net value of Transactions in 2016	Outstanding balance at 31 December 2016
Receivable					
Transcorp Power Limited	Subsidiary	Receivable	6,636,201	2,218,159	8,854,360
Teragro Commodities Limited	Subsidiary	Receivable	927,764	(542,824)	384,940
Transcorp Energy Limited	Subsidiary	Receivable	3,234,774	(3,234,774)	-
Transcorp Staff Share Ownership Trust Company Limited	Subsidiary	Receivable	617,260	9,577	626,837
Transcorp OPL 281 Limited	Subsidiary	Receivable	758,494	3,949,657	4,708,151
Transcorp Hotels Calabar Limited	Subsidiary	Receivable	15,849	648	16,497
Tenoil Petroleum and Energy Services Limited	Controlled by key management personnel	Receivable	638,358	(638,358)	-
Nembe Creek Oil Company Limited	Controlled by key management personnel	Receivable	567,086	-	567,086
Heirs Holding Limited	Controlled by key management personnel	Receivable	388,889	-	388,889
			13,784,675		**15,546,760**

Payable

Name of Party	**Nature of Relationship**	**Nature of Transactions**	**Outstanding balance at 1 January 2016**	**Net value of Transactions in 2016**	**Outstanding balance at 31 December 2016**
Transcorp Refining Company Limited (Inactive)	Subsidiary	Payable	1,000	-	1,000
Transcorp Telecomms Limited (Inactive)	Subsidiary	Payable	10,000	-	10,000
Teragro Commodities Limited	Subsidiary	Payable	9,500		9,500
Transcorp Energy Limited	Subsidiary	Payable	9,900	-	9,900
Transcorp Trading and Logistics Limited (Inactive)	Subsidiary	Payable	10,000	-	10,000
Transcorp Properties Limited	Subsidiary	Payable	10,000	-	10,000
Transcorp Hotels Plc	Subsidiary	Payable	7,122,766	(1,727,096)	5,395,670
Transcorp OPL 281 Limited	Subsidiary	Payable	500	-	500
Tenoil Petroleum and Energy Services Limited	Controlled by key management personnel	Payable	-	-	7,683
			7,173,666		**5,454,253**

During the year, the Company made a provision of the amount receivable from Teragro Commodities Limited. The subsidiary ceased operation in 2016 and the outstanding balance is considered doubtful of recovery.

The Company has recognised provision of N690 million in the financial statement based on an expert valuation report of Teragro's assets as at year end.

The other amount outstanding are unsecured and will be settled in cash.

There are no future commitments or obligations by or to any related parties.

Other national disclosures

Transnational Corporation of Nigeria Plc

Statement of Value Added

For the year ended 31 December 2016

	Group				Company			
	2016		2015		2016		2015	
	N'000	%	N'000	%	N'000	%	N'000	%
Revenue	59,424,619		40,753,506		2,537,628		3,241,943	
Other income	1,290,336		1,482,871		2,485,327		1,910,560	
	60,714,955		42,236,377		5,022,955		5,152,503	
Bought in services								
- Local	50,734,160		21,532,946		1,538,641		1,876,019	
- Foreign	-		-		-		-	
	50,734,160		21,532,946		1,538,641		1,876,019	
Value added	9,980,795		20,703,431		3,484,314		3,276,484	
Distribution								
Employees								
Salaries and benefits	3,906,861	39%	3,988,939	19%	231,219	7%	299,369	9%
Provider of funds								
Interest	8,303,471	84%	12,880,116	63%	3,131,737	89%	2,396,053	72%
Government								
Taxation	(4,801,350)	-48%	1,287,972	6%	409,168	12%	477,479	15%
The Future								
Depreciation	3,151,332	32%	1,102,394	5%	13,804	0%	19,783	1%
Retained profit	(579,519)	-6%	1,444,010	7%	-301,614	-9%	83,800	3%
	9,980,795	100%	20,703,431	100%	3,484,314	100%	3,276,484	100%

Transnational Corporation of Nigeria Plc

Five Year Financial Summary
For the year ended 31 December 2016

The Group

Balance sheet	**2016** **N'000**	**2015** **N'000**	**2014** **N'000**	**2013** **N'000**	**2012** **N'000**
Non-current asset	170,942,327	152,124,317	134,742,937	122,211,610	50,988,839
Current asset	61,218,404	50,759,632	36,012,425	27,252,803	24,615,363
Current liabilities	(63,199,768)	(40,621,781)	(32,268,177)	(15,737,084)	(16,596,345)
Non-current liabilities	(82,512,366)	(74,756,937)	(48,732,334)	(47,050,822)	(17,572,910)
Net assets	86,448,597	87,505,231	89,754,851	86,676,507	41,434,947
Capital and reserves					
Share capital	20,323,996	19,360,499	19,360,499	19,360,499	12,906,999
Share premium	6,249,871	7,213,368	7,213,368	7,213,368	27,071,664
Treasury shares	(345,819)	(345,819)	(137,790)	(25,784)	-
Revenue reserves	27,207,214	28,138,355	30,070,219	31,678,187	-9,677,738
Other reserves	(14,662)	(587,547)	-	-	-
Non-controlling interest	33,027,997	33,726,375	33,248,555	28,450,237	11,134,022
	86,448,597	87,505,231	89,754,851	86,676,507	41,434,947
Comprehensive income					
Revenue	59,424,619	40,753,506	41,338,136	18,825,278	13,244,845
(Loss)/profit before taxation	(5,928,348)	3,319,529	7,731,598	9,032,151	3,948,215
Taxation	4,801,350	(1,287,972)	(4,427,338)	(2,074,249)	(1,420,467)
(Loss)/profit after taxation	(1,126,998)	2,031,557	3,304,260	6,957,902	2,527,748
Other comprehensive income for the year	547,479	(587,547)	-	-	182,953
Total comprehensive income for the year	(579,519)	1,444,010	3,304,260	6,957,902	2,710,701

Company

Balance sheet	**2016**	**2015**	**2014**	**2013**	**2012**
Non-current asset	36,541,782	36,112,824	34,277,534	36,266,862	27,917,466
Current asset	21,371,921	20,506,655	19,964,436	12,812,629	10,729,254
Current liabilities	(18,736,921)	(15,352,617)	(11,311,771)	(6,961,604)	(10,909,276)
Non-current liabilities	(8,231,283)	(10,045,155)	(9,469,009)	(9,198,952)	(10,003,427)
Net assets	30,945,499	31,221,707	33,461,190	32,918,935	17,734,017
Capital and reserves					
Share capital	20,323,996	19,360,499	19,360,499	19,360,499	12,906,999
Share premium	6,249,871	7,213,368	7,213,368	7,213,368	27,071,664
Revenue reserves	4,274,614	5,123,707	6,887,323	6,345,068	-22,244,646
Other reserves	97,018	(475,867)	-	-	-
	30,945,499	31,221,707	33,461,190	32,918,935	17,734,017
Comprehensive income					
Revenue	2,537,628	3,241,943	6,334,884	2,142,000	2,325,697
(Loss)/profit before taxation	(439,925)	1,037,146	3,287,079	3,186,963	2,874,600
Taxation	(409,168)	(477,479)	(808,774)	(365,951)	(335,423)
(Loss)/profit after taxation	(849,093)	559,667	2,478,305	2,821,012	2,539,177
Other comprehensive income	547,479	(475,867)	-	-	-
Total comprehensive income for the year	(301,614)	83,800	2,478,305	2,821,012	2,539,177